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THE DEPARTMENT OF STATE



Bulletin



Vol. XXXVI, No. 934

May 20, 1957

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UNITED STATES
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THE DEPARTMENT OF STATE

Bulletin

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The Department of State BULLETIN, a weekly publication issued by the Public Services Division, provides the public and interested agencies of the Government with information on developments in the field of foreign relations and on the work of the Department of State and the Foreign Service. The BULLETIN includes selected press releases on foreign policy, issued by the White House and the Department, and statements and addresses made by the President and by the Secretary of State and other officers of the Department, as well as special articles on various phases of international affairs and the functions of the Department. Information is included concerning treaties and international agreements to which the United States is or may become a party and treaties of general international interest.

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Appeal for Partial Restoration of Proposed Cuts in State Department Appropriations

Statement by Secretary Dulles¹

I come here to appeal with respect to \$29,228,000 of \$47,331,000 which the House of Representatives would cut from the \$227,714,000 appropriation that the President requested to enable the State Department to conduct our foreign relations during the coming year.

The President has said that each Department would publicly state whether it could absorb cuts proposed by the Congress or whether it felt such cuts would be harmful to services rendered to people by the Federal Government. We believe that \$18,103,000 of the proposed cuts can be absorbed. They represent highly desirable expenditures. But certain building operations and special events can be postponed without serious harm. With respect to \$29,228,000 of the proposed cuts, there would be harm to the Nation which, in the opinion of the President and myself, would be real and grievous.

Under our Constitution the President has the primary responsibility for making and carrying out the foreign policy of the United States. It is his conviction, as it is mine, that the foreign policy required to maintain peace and freedom cannot be carried out with adequate effectiveness if this \$29 million cut by the House of Representatives is maintained.

Never before in history has a nation had the degree of worldwide responsibility for the maintenance of peace that is now carried by the United States. Our responsibilities are mounting almost daily. Whether or not they can be adequately discharged depends not just upon the broad prin-

ciples proclaimed by America's leaders. It depends directly upon the performance of those who, in the Department of State and in 81 countries, carry on the day-by-day task of waging peace and defending freedom.

Theirs is a hard task, one that is seldom dramatic. Their devotion in representing America, their skill and training in the task of explaining our purposes and prevailing upon others to share those purposes, their everlasting dedication to the cause of peace with justice, are all vitally important to the welfare and safety of each of us. They make efforts and sacrifices in the service of our country that have no reward except a knowledge of duty well done. And the success of those efforts is the sparing to our country of the infinitely greater costs and sacrifices that would be involved if war were to occur. But their efforts will not prevail if they are inadequate in numbers and training and if they lack essential facilities for gathering and communicating information.

If the House cuts were to stand, they would require us:

To cut our personnel by abolishing some 700 positions when expansion is needed to meet growing responsibilities and relieve excessive strains.

To cut the use of cable communications when it is peculiarly necessary that there be intimate, prompt, and full communication between the Department of State and those in the field.

To cut our allowances to field officers for informal contacts when more than ever diplomacy depends upon such contacts.

To cut the training of our officers, notably in

¹ Made before a subcommittee of the Senate Committee on Appropriations on Apr. 30 (press release 255).

languages, when there is more than ever need to communicate directly with those who speak other tongues.

The total effect of these cuts would be to breach gravely the front line of our defense of peace and freedom in the world. Both the President and I believe that the disparity has never been so great between the amount to be saved and the risk to be assumed.

Growing Responsibilities in Diplomatic Relations

Before dealing specifically with such aspects of the problem, I should like to illustrate the upward trend of our international responsibilities.

(1) The number of nations with which we have to deal is rapidly increasing. Since 1945 there are 19 new nations and the 20th (Malaya) will proclaim its independence at the beginning of our next fiscal year. Several others have had their sovereignty made more nearly complete. The membership of the United Nations has grown from 51 in 1945 to 81 at the present time.

(2) Each of these nations has today its own independent importance. Once, only a few missions were really important. But today virtually every nation presents challenging problems where failure of our diplomacy in any one could have a chain reaction.

(a) We now have collective defense relations with 42 nations, and the area of collective defense may be further increased under the recent Middle East resolution.

(b) The less-developed countries of Asia, now including a dozen newly independent nations, are increasingly alert and sensitive to their opportunities and responsibilities.

(c) The Soviet bloc of countries in Europe is no longer wholly sealed off. There are growing possibilities in diplomatic relations.

(3) The government which principally challenges freedom and which principally endangers the peace—that of the Soviet Union—has been rapidly enlarging its diplomatic service. Between 1953 and 1957 it has more than doubled its officially accredited governmental representatives in Western Europe, the Middle East, and the Americas (Western Europe from 840 to 1,998; the Middle East from 454 to 836; the Americas from 360 to 554).

(4) An indication of our mounting responsibilities is the volume of telegraph traffic. It will total about 35 million word groups in the current fiscal year, as against 21 million word groups in fiscal year 1953.

(5) Passport applications increased by 37 percent between fiscal year 1953 and fiscal year 1957, and visas issued by the Foreign Service during the same period increased by 47 percent.

(6) An entire continent—Africa—is looming larger and larger as a vital area of the future, and international communism intensively seeks to master the awakening spirit of its people.

In the face of a threat to peace and freedom which all must admit to be grave, the United States, through historical evolution, has the primary responsibility of maintaining such voluntary cohesion in the free world that its members will not one by one be taken over by international communism. That task, as delicate and difficult as it is vital, is the high task of the Department of State and the Foreign Service.

The entire appropriation which the Department of State seeks amounts to about one-third of one percent of the total United States budget. But we recognize that there must be economy wherever it can be achieved. Therefore, of the \$47 million of cuts voted by the House, we accept \$18 million. This \$18 million, relating to building activities and special events, although desirable, can be postponed without impairing vital interests. But the balance of the proposed reduction, \$29 million, would be a false economy, not compatible with the peace and security of the United States.

Let me now take up some of the specific items.

Salaries and Expenses

The Department of State is requesting \$112 million for salaries and expenses. The House has cut this amount by nearly \$19 million to about the 1957 figure. The House report implies that this would leave the Department and the Foreign Service in a budgetary position no worse than in fiscal year 1957. That is not the case. If the Department is to maintain in fiscal year 1958 merely its present level of operations, approximately \$6.3 million more will be required than was appropriated for 1957. This results from such factors as increases in costs of wages and rents abroad and the necessity to pay for a full year the salaries of

those employees—if they are to be retained—who did not draw a full year's salary during 1957 because they were recruited at various times during that year.

However, it is not good enough merely to stand still at the present level. In the face of growing responsibilities, we do not have the personnel, facilities, and, in certain instances, the skills to perform with necessary effectiveness the tasks imposed upon us.

Too many people have to work overtime in the Department of State and the Foreign Service. We do not regularly keep track of overtime. But the Bureau of Far Eastern Affairs reports a grand total of 119 years of uncompensated overtime performed in Washington in the past 2½ years and in the field in the past year and one-half. This is typical. It is bad for health and efficiency. It places excessive strains upon our staff, and that is dangerous not just for them but for the Nation.

If the action taken by the House is accepted by the Senate, the Department will suffer from handicaps such as the following:

(1) We shall have to cut, somewhere, somehow, about 700 present positions.

(2) We shall not be able to obtain the increased coverage needed in the vital areas of the Middle East and Africa.

(3) We shall not be able to keep pace with political and economic developments in the Far East, where the Chinese Communist regime daily steps up its efforts to frighten and subject those neighboring nations which are free.

(4) We shall have to cut, rather than increase, the speed and scope of communication between Washington and our overseas missions. That need was illustrated last week in relation to Jordan. Communications to our Embassy there of highest priority involved delays of upwards of 24 hours because of inadequate decoding facilities. One cable received last week from our Ambassador in Jordan contained this paraphrased language: "I learn through the Ambassador of . . . , who is kept informed by his Embassy in Washington, that there is a proposal for"

Such dependence of our ambassadors upon foreign embassies is frequent. It is not due to our inattention but to the need to economize in terms of cable expense. There is need for more funds to spend on cables and for additional communication facilities to meet possible emergencies.

These facilities must be provided in advance of, and not after, the emergency which calls for them.

(5) We shall not be able to meet the steadily increasing need for travel of our foreign representatives for home and regional consultations.

(6) We shall not be able to meet our responsibilities for leadership by advance planning. The complaint is sometimes made that the State Department does not do sufficient advance planning. There is more than is known. Nevertheless, I recognize that there should be still more. But we cannot do more forward and contingent planning when our personnel is inadequate even to meet the pressing needs of day-by-day events.

(7) We shall not be able to implement the provisions of law which would provide assistance for meeting the costs of medical expenses incurred by Foreign Service officers on behalf of their dependents.

(8) We shall be unable to assist in the establishment and maintenance of welfare facilities at the more isolated and unhealthful hardship posts where no suitable facilities exist.

(9) We shall not be able to provide a reasonable transfer allowance to employees for certain costs which they sustain solely because they move in the interests of the United States under government orders.

(10) We shall be unable to advance our program of recruiting into the Department and the Foreign Service the best products of the colleges and universities. In 1956, there were 12,500 qualified applicants for entry into the Foreign Service. This compares with about 1,500 a few years ago. It is immensely important that highly qualified young men and women pick the Foreign Service as a career. But this enthusiasm cannot be sustained if we have to close down on accepting and training new recruits.

The preceding recital is inadequate in that it deals largely with specific problems in specific areas. Much of the impact of the budget cut for salaries and expenses would not be subject to such measurements. Its impact will permeate the entire Department from top to bottom, and the Foreign Service in every corner of the world. It will, I fear, depress the high morale of the personnel of the Department and the Foreign Service.

These men and women for the most part are

inspired by a sense of patriotism. They work not for themselves but for their country. During recent years, as I have visited upwards of 40 countries, I have made it a point to meet and talk with our mission staffs. On each such occasion I have assured them that the President, the Congress, and the Nation respected and appreciated their efforts for peace and freedom in the world. It is my plea that the vote of the House be not the final verdict of the Congress.

Foreign Service Institute and Training for Foreign Service

We seek approximately \$5 million, or 2½ percent of the State Department's total budget, for the Foreign Service Institute and our training program. Of this, about \$3 million goes to paying the salaries and expenses of the trainees and about \$2 million is actual training costs.

Practically all the increase requested for actual training costs—an increase of \$650,000—is to provide training in one of the so-called world languages. Today fully one-half of our officers do not have useful knowledge of French, Spanish, or German. Approximately 70 percent of the new officers entering the Service do not have a "useful" knowledge and facility in any foreign language.

A few years ago it was found necessary to relax the language requirements for entry into the Service because, generally speaking, our high-school and college educational system does not produce students able to speak foreign languages. But this makes it the more imperative that we ourselves provide language facilities for those who elect to enter the Foreign Service.

The usefulness of officers without language skills is limited, particularly at the lower level. It is imperative that this situation be remedied.

Representation Appropriation

I turn now to the matter of the representation appropriation. The Department is requesting \$1 million for fiscal year 1958. The House has cut this request, in effect, to \$672,800. I wonder how many recall that a decade ago, in 1947, the Congress allowed \$800,000 for this item. In terms of comparative purchasing power the retrogression is even greater than the dollar figures indicate. The value of the representation dollar has declined by at least 25 percent since

1947. And there will be at least 11 more missions in 1958 than in 1947.

The debate in the House on this item gave rise to some levity. It is, I submit, no laughing matter. To an increasing degree diplomacy is conducted outside of the office and outside of office hours. This involves receiving and returning social invitations, participating in local activities, and the like.

Today officers without private means cannot do this adequately; and even if they do have private means, they should not have to meet these costs out of their own pockets.

I recently noted the following statement in *A Century of American Diplomacy*, written by my grandfather, John W. Foster, over 50 years ago:

It may be said to the credit of the Congress [in 1782] that . . . it made liberal allowances to its diplomatic representatives abroad, considering the poverty of its treasury and the large demands upon it for the conduct of the war. The annual allowances to Dr. Franklin and Messrs. Adams and Jay were over \$11,000 each—a more liberal sum than is granted to our representatives at those capitals today, if the relative cost of living is taken into consideration.

International Contingencies

The House has cut our request for the international contingencies appropriation from \$2.5 million to \$1.5 million. This is the fund out of which the United States pays the cost of its participation in all international conferences. In the nature of the case the precise timing and duration of these conferences cannot be foreseen because they depend upon circumstances in part beyond the control of the United States. Nevertheless we do know with approximate certainty the number and character of conferences which will be held in the current fiscal year, and these alone according to our estimate will require \$2,185,000 of the \$2.5 million for which we have asked, leaving only \$315,000 to take care of the unforeseen emergencies which experience indicates will arise. The amount allowed by the House action is the same as that available to us for this fiscal year. This we have found to be sadly deficient, as proved by our supplemental request now pending for \$450,000.

International Educational Exchange

The Department requested \$30 million for the international educational exchange appropriation for 1958. This, together with local currencies

growing out of P. L. 480, would have permitted an overall program of approximately \$35 million. The House approved an appropriation of \$17,575,000 and suggested that with local currencies this would permit a program equivalent to this year's program, which was already below the level for which we had hoped. While this is true as an overall generalization, this cut would, in practice, not permit the operation of a program similar to this year's because foreign currencies can be used in only 33 countries and dependent areas. The programs in the other 54 countries and dependent areas that depend entirely on dollars would have to be cut on an average 35 percent below the present level and 65 percent below the planned level.

International communism shows, in at least one respect, a wisdom which the democracies often seem to lack. They pay much attention to long-range programs. They think not just in terms of the immediate morrow but also of results obtainable in a coming generation. They pay great attention to opinion-forming persons and particularly to those who teach and train the youth.

The Department's educational exchange program does not begin in its scope or cost to match the comparable programs of international communism. It does represent an indispensable minimum effort to insure a better understanding over the years ahead as between the free nations. This program is a vital one in laying a dependable foundation for the interdependence upon which an enduring peace depends.

Miscellaneous

I shall not, in this oral statement, make specific reference to other actions taken by the House with respect, for example, to the appropriation for missions to international organizations and the several international commissions. Others will discuss these and two other items of particular

interest to the State Department in the President's special international program, namely, the cultural and sports presentation item and the Brussels Exhibition appropriation. I should like to make it clear, however, that in all of these I feel that it is necessary for the Senate to restore the House cuts.

I also urge that the Congress continue to give the Department the degree of flexibility which it has heretofore had in expending the funds appropriated to us. This is particularly pertinent in the salaries and expenses appropriation. Our budget processes require that we prepare our estimates from 6 to 18 months in advance of our expenditures. It is impossible for us to forecast accurately world developments to an extent that would permit us to pinpoint so far ahead what our precise needs are. It is necessary, therefore, that we have reasonable flexibility in the matter of shifting funds, for example, originally intended for personnel to equipment items, and vice versa.

In conclusion, let me say this:

The world is constantly becoming more complex. Also, the danger which could result from matters going wrong is becoming infinitely great; indeed it surpasses human comprehension. It is concurrent with the development of this nuclear age that the United States must carry an increasing share of the responsibility for peace.

Each of the members of this subcommittee is, I know, aware of the international problems that we face and the difficulty of dealing with them. I am confident that you will agree that no investment that the people make in their government pays so high a return as the modest investment required to maintain an adequate and efficient State Department and Foreign Service. That is the best guaranty that our people will, in the words of our Constitution, enjoy in peace the blessings of liberty.

A New Approach to Mutual Security

by Douglas Dillon

Deputy Under Secretary for Economic Affairs¹

During the past year our programs of mutual security have been going through a period of critical reexamination. The complexity of these programs has made them difficult for the American people to understand. There has grown up in many quarters the mistaken impression that the United States, in an attempt to please foreign countries and without adequate thought for its own best interests, has been busy giving away some \$4 billion a year of our taxpayers' money.

Of course nothing could be further from the truth, but there is no denying that this is what foreign aid means to many Americans.

There has also grown up in some quarters a feeling that our economic aid programs may not have been administered in the most effective manner possible, that there may have been unnecessary waste in the use of Government funds abroad.

All this has led to a widespread and thoroughgoing review of our programs for mutual security. This is as it should be, for these are complex and costly programs.

Studies have been made by a Presidential commission, a Presidential advisory board, the Foreign Affairs Committee of the House, a special Senate committee, and by the interested executive agencies of the Government. Universities, business groups, and research institutions have been studying and debating the subject. This current meeting of the American Assembly is but one of many serious attempts by groups of private citizens to find the right answer to this question which is so important to the future of the American people.

¹Address made before the American Assembly, at Harriman, N. Y., on May 2 (press release 259).

In short, this effort at reappraisal has involved not only officials in Washington but also a great many of our most distinguished private citizens, of whom some of the wisest are in this room tonight.

It is our hope that as a result of all this interest, both public and private, the way can be found to redefine, clarify, and simplify the program so that all our people can have confidence that we are pursuing the right objectives in the right way.

General Guidelines

Are there any general guidelines that we can draw from all this study and thought? Is there any real consensus? The answer is certainly "Yes." Two general conclusions are found in all the reports and studies; they are sometimes expressed with greater or lesser vigor, but they are always present.

First and most important, there is agreement that the continuation of a mutual security program is in the best interests of the United States and that we will have to maintain such a program for a long time to come. So long as international communism exists in its present form, challenging our very existence, either by direct military threats or by economic penetration and subversion, so long as the explosive demands for economic progress in the underdeveloped countries threaten the very existence of free and democratic institutions in those countries, we must maintain some form of mutual security program.

The second general conclusion of all the studies is that there is need for greater clarity in defining what the mutual security program actually is. Both the objectives of the program and the ways

in which we move to achieve these objectives must be widely understood by the American people, or the program itself will not be supported.

What is the reason for all this confusion about the mutual security program? The answer is simple. We have in the past lumped tightly together under the heading of "mutual security" a bundle of diverse programs, a package with a broad variety of contents. For example, during the last 6 years mutual security has meant 44,000 artillery pieces, 40,000 tanks and combat vehicles, and 7,000 aircraft for the military forces of our allies. It has meant loans to build dams, roads, and harbors. It has also meant technical assistance, such as telling people how to plow, or how to kill mosquitoes so as to avoid malaria.

All of these things, involving an expenditure of approximately \$4 billion, have been lumped together in our budget. It has been difficult, if not impossible, for the American people to know just what part of these funds were going for military purposes, what part for long-term capital development, and what part for technical assistance or for meeting unforeseeable emergencies.

In view of the complexities of this program, it is easy to understand why there is public confusion. Our major efforts are now being devoted to finding a better way to present the program so as to clearly explain its purposes to the American people while at the same time assigning major responsibility for the various parts of the program to the agencies which should have that responsibility.

The general lines of this new approach were first announced by Secretary of State Dulles on April 8th in his testimony before the special Senate committee.² The President will send the completed proposal to the Congress later this month. Tonight I would like to give you a brief review of our current thinking.

Military Assistance

First, let us look at the military portion of the mutual security program. It is by far the largest. It includes two kinds of funds.

The first is for military hardware—the actual guns, tanks, planes, etc., which we put into the hands of the Koreans, the Vietnamese, the Nation-

alist Chinese, the Turks, and our other military allies.

The second kind of funds are those required to help those countries which maintain, for our common security, military forces larger than they could otherwise support. This second form of aid is called defense support. A good example of defense support is the economic assistance we provide to Korea to assist in maintaining the 20 divisions of Korean troops which are such an important part of our joint defense against the Chinese Communist threat.

About \$2 billion, or half of the present mutual security appropriation, goes for military hardware. Just under a billion dollars a year is required for defense support. None of this billion-dollar figure goes to our NATO allies in Western Europe. All of it goes to those of our allies who are maintaining military forces larger than they themselves can support. Thus we see that approximately \$3 billion a year, or three-quarters of our mutual security program, goes for military purposes.

All of this military assistance, whatever it takes to equip and maintain strong forces, is an integral part of the defense of the free world and serves the purpose of deterring Communist attack. Admiral Radford, Chairman of the Joint Chiefs of Staff, put the matter plainly last year when he said,

The military aid program is part and parcel of the U.S. Defense Department program. The expenditures abroad in support of our alliances do not differ in purpose, scope, and objective from our own military expenditures. . . . The fact that this part of our program was not included in the Defense Department budget is more a matter of procedure and administration than of substance.

What we intend to do now is to change the procedure. Henceforth, we wish to place all funds for foreign military assistance in the Defense Department budget where they can be recognized for what they really are, part of the United States military security program. We will recommend that this sum of approximately \$3 billion be taken out of the mutual security appropriation bill and be added to the funds which the Defense Department has already requested for the Armed Forces of the United States.

It is the Defense Department that must make the military decision as to how many divisions equipped with American arms are needed to de-

² BULLETIN of Apr. 29, 1957, p. 675.

fend the Republic of Korea and other places where we and our allies are facing Communist troops. It seems only plain common sense for the Defense Department to justify to the Congress, and so to the American people, the cost of equipping and maintaining these divisions.

On the other hand, the Defense Department is not organized to do the actual day-to-day administering of the defense support funds required to maintain these allied troops. Although their purpose is purely military, these funds are a form of economic assistance. This assistance can best be administered in the field by the same organization which handles other forms of economic assistance. Therefore, it is proposed that the administration of these defense-support funds be carried out in the field by the ICA, the International Cooperation Administration, which presently administers all United States economic assistance abroad.

Economic Aid

Now let us turn to the purely economic side of the mutual security program, which goes primarily to help the underdeveloped countries of the world. One may ask why should we, the United States, be concerned with their economic progress?

All of the studies which have been made during the past year agree that it is vitally important for the United States to cooperate and assist in the economic development of these countries, whether or not they are allied to us militarily.

It is not hard to see why this is in the national interest of the United States when one considers the revolutionary changes that are taking place in Asia and Africa today. There are 700 million people in the 19 new nations which have come into being since the end of World War II, ranging in population from India, with nearly 400 million, to Libya with slightly more than 1 million. Most of these people, and millions of others in older countries, exist under primitive and backward economic conditions, but modern communications have brought them the knowledge that other people on their planet live in far greater comfort and happiness. So these peoples are pressing their governments to bring them economic improvement and to do it rapidly.

If these underdeveloped countries find themselves unable to move toward the fulfillment of their economic aspirations under free and demo-

cratic conditions, there is real danger of their falling into some form of totalitarianism under which the people would be forcibly deprived of goods and freedom in an effort to achieve the goals of the state. This is the solution offered throughout the underdeveloped regions by the Communists. They say that their system, and only their system, can bring about the rapid economic improvement so much desired. And they are accompanying this propaganda attack by an active campaign of economic penetration and subversion which poses a continuing threat to the stability and peace of these vast and highly populated regions of the world.

It seems clear that the national interest of the United States would be best protected in a world in which free institutions predominate and in which popular aspirations for material improvement and social change can be met by free and democratic governments without recourse to forceful means.

Therefore, it is in our interest to do what we can to help the underdeveloped peoples along and so to make it easier for them to resist the Communist drive. At the same time their advance will help them to participate increasingly in world trade to the benefit of all, including the United States. However, our main motive in extending this sort of assistance is, I think, to further our own enlightened self-interest by helping to maintain a peacefully advancing world in which free and democratic institutions can flourish.

We believe that the best development comes through private capital, domestic and foreign. But within the regions we are talking about there is simply not enough private capital available to do the basic things that must be done. Technical skills are also lacking.

Our part is to supplement this dearth of capital and know-how. Our effort is bound to be small compared to those of the countries themselves, but we can help to stimulate the growth process until such time as private capital and the increasing resources of the people can take over. This, however, can only be a long-haul proposition. Good business demands that we adopt the methods most suitable for long-term operations.

Economic Development Fund

Therefore, the administration intends to propose the establishment within the ICA of an economic development fund, which would be an

agency of the United States similar to the Export-Import Bank.

Instead of the present method of setting dollar figures for assistance to each country every year in advance, instead of creating projects in Washington for construction all over the world, we would expect foreign governments to develop sound projects themselves and to apply for loans to cover the costs of these projects. We would have the time carefully to consider and examine the plans for each project because we would no longer be operating on only a year-to-year basis. After thorough study we would decide each case on its merits.

Loans would be granted only in cases where there was assurance that the project would be carried out competently and where there was reasonable promise that it would contribute directly or indirectly toward the growth of the productive capacity of the recipient country.

The economic development fund would not compete with the World Bank, the Export-Import Bank, or with private sources of capital. Indeed, we contemplate that it would make no loans until assurance had been received that the projects could not obtain financing either from other public institutions or from private sources.

The economic development fund would differ from the World Bank in that projects would not necessarily have to develop the foreign exchange required for prompt repayment in dollars. It is probable that many of the loans from the development fund would be repayable largely in the currency of the borrowing country. For example, a loan to India might be repaid in rupees.

But this repayment in local currency would not rule out possible eventual repayment in dollars. For instance, suppose the fund makes a loan to an underdeveloped country repayable in local currency over a period of, say, 15 or 20 years. After the loan has been repaid, this money might well be loaned again to the same government, but we could reasonably hope that the economic situation of that country would have so improved that it would be possible for this second loan to be repaid at least partly in dollars. In this way the great bulk of such foreign currency loans could eventually be repaid in dollars.

The vital feature of the economic development fund, differentiating it from the present method of operation, is that it would have continuing and

flexible authority to operate on a worldwide basis in the same way the Export-Import Bank now does. It would not have to be authorized all over again each year. Thus, it could plan ahead in the same way that a businessman, a banker, a university president, or a farmer can plan ahead. This should result in far more efficient and effective use of United States funds.

The Export-Import Bank can only make loans for the specific purpose of promoting U.S. exports. Its loans must be repayable in dollars. The new fund would complement the operations of the Export-Import Bank and of the World Bank. It would be empowered to make subordinated loans to support projects favored by these two institutions.

As Secretary Dulles has said, it is our view that loans by the new fund may eventually amount to some \$750 million a year. During the next fiscal year, however, as the fund gets into operation, they could be expected to be considerably smaller.

Aside from these funds for military purposes and for economic development, there remains something less than \$500 million out of the \$4 billion mutual security program total. These funds would be used to cover administrative expenses, the costs of the technical assistance program, and our contributions to international activities such as the International Children's Fund and aid to refugees. They would also cover such emergency grants as might be found necessary and a strictly limited amount of capital assistance for those countries needing help and unable to contract further loans of any sort.

The important point in all this is that the American people should know that what we are proposing to use, both for technical assistance and in all other cases where grants will still be necessary, comes to something less than \$500 million a year, a small percentage of the overall amounts involved in our national budget.

Three Goals

By this new program, the basic outlines of which I have just described, we hope to accomplish three things:

First, by centering budgetary responsibility for the military portion of the program in the De-

fense Department, where it belongs, we will insure that our military programs are as economical as possible, consistent with the national security.

Second, by putting our economic development largely on a loan basis, administered in a businesslike manner over the long term, we will provide more effective and economical use of these funds so that the American people can be satisfied that they are not being wasted.

Third, and most important, we will clearly show to all our people just what their money is being spent for and why.

By such methods as these—and in my belief only by such methods—can we hope to continue, at maximum usefulness, a reasonable program of mutual security. In closing, I would like to leave one final reminder: This program is a vital ingredient of the platform of security from which true peace will some day come.

U.S. Delegation Leaves for NATO Council Meeting

Secretary Dulles' Departure Statement, April 30

Press release 256 dated April 30

I am leaving for Bonn to attend the Ministerial Meeting of the North Atlantic Council. This will be the Council's first meeting in Germany. The Council's decision to hold its spring meeting in Bonn emphasizes the partnership of the Federal Republic of Germany in this mutual pact for peace.

The full exchange of views which occurs when the foreign ministers of the 15 member nations meet is always important. In the 5 months since the Council met in Paris last December,¹ a series of events have occurred which make this exchange all the more necessary. I am looking forward to hearing the views of the other ministers and to outlining our own.

Recent trends in Soviet policy in Europe and the Middle East will be discussed. Although defense ministers will not be present at this meeting, certain political aspects of Western defense will come up for discussion.

I am looking forward to renewing my association with Chancellor Adenauer and Foreign Min-

¹ For text of communique issued at close of meeting on Dec. 14, see BULLETIN of Dec. 24 and 31, 1956, p. 981.

ister von Brentano, partly in preparation for their welcome visit to Washington toward the end of next month.

Following the NATO meeting in Bonn, I expect to go to Paris to spend part of a day there meeting with the American ambassadors in Europe. This is an annual meeting of ambassadors convoked to discuss mutual problems and will be chaired by the Assistant Secretary of State, Mr. C. Burke Elbrick. I expect to be back in Washington a week from today.

U.S. Delegation

The Department of State announced on April 24 (press release 243) that the U.S. Government will be represented by the following delegation at the Ministerial Meeting of the NATO Council to be held at Bonn, Germany, May 2 and 3.

United States Representative

John Foster Dulles, Secretary of State

Special Assistant

Richard D. Drain

U.S. Permanent Representative to the North Atlantic Treaty Organization and European Regional Organizations

George W. Perkins

Senior Advisers

Andrew H. Berding, Assistant Secretary of State for Public Affairs

Robert R. Bowie, Assistant Secretary of State for Policy Planning

David K. E. Bruce, American Ambassador to the Federal Republic of Germany

C. Burke Elbrick, Assistant Secretary of State for European Affairs

Julius C. Holmes, Special Assistant to the Secretary of State

G. Frederick Reinhardt, Coordinator, Counselor of the Department of State

Mansfield D. Sprague, Assistant Secretary of Defense for International Security Affairs

Advisers

John H. F. Haskell, Director, Office of Defense Affairs, United States Mission to the North Atlantic Treaty Organization and European Regional Organizations, Paris

Frederick E. Nolting, Jr., Director, Office of Political Affairs, United States Mission to the North Atlantic Treaty Organization and European Regional Organizations, Paris

Joseph B. Phillips, Public Affairs Officer, American Embassy, Bonn

Jacques J. Reinstein, Director, Office of German Affairs,
Department of State
B. E. L. Timmons, Director, Office of European Regional
Affairs, Department of State
Fraser Wilkins, Director, Office of Near Eastern Affairs,
Department of State
Joseph J. Wolf, NATO Adviser, Office of European Re-
gional Affairs, Department of State

Assistant to the Coordinator

Joseph N. Greene, Executive Secretariat, Department
of State

Secretary of Delegation

William H. Bruns, Office of International Conferences,
Department of State

The Public Relations of Dynamic Peace

by Andrew H. Berding

Assistant Secretary for Public Affairs¹

I feel that I am speaking tonight to an audience that talks the same language I do. We are working in the same field, with the same tools, with the same general objectives. If you in private industry and we in government think of our respective operations more and more in terms of similarity rather than dissimilarity, we will understand one another even better than we do.

Your public relations work involves mass-media relations, community relations, stockholder relations, and employee relations. Our government public relations work involves the same relationships.

You have your contacts with the mass media—press, radio, TV, magazines, motion pictures. We have our contacts with the same media. If there is any difference, it consists in the fact that we have to give answers to questions involving more issues and more countries—and perhaps in the fact that we get more calls at night. How a government spokesman avoids divorce is a mystery to me. His only safe setup is for husband and wife to sleep at opposite ends of the home.

You have your community relations, and so do we. The whole American people are the community we serve. The American public is

grouped into organizations as are few other peoples in the world. These groups play increasingly important roles in our national life. We maintain close cooperation with them.

You have your stockholder relations, and so do we. Our stockholders are the American people. They have a right to know what the chairman and the board of directors of their company are planning, doing, and saying. They furnish the money, and they need to know where the money goes.

If there is any difference here, it lies in the fact that, in essence, we hold a stockholders meeting every day. To many of you that must be an appalling thought. In any event, we are reporting to our stockholders every day, and we hear from our stockholders, believe me, every day.

Into my office in the Department of State pour 150,000 letters a year from these stockholders. All these deal with some aspect of foreign policy. And you know full well that in the majority of cases, when a stockholder takes a pen in hand, he uses it to prick what he thinks is a bad idea. He wants an answer. And he gets it.

Then you have your employee relations. We do, too. The United States Government has more than 2 million civilian employees, most of whom have gone into government as their career with the same devotion and ambition that make a man go into law or medicine or business. Their

¹ Address made before the American Public Relations Association at Philadelphia, Pa., on Apr. 25 (press release 246).

knowledge, capability, and industry result in the efficiency of the Government. Their morale must be sustained, and they should both merit and receive the respect of the public they serve.

Getting Information to American People

For us, all this adds up to the need for public knowledge of, public understanding of, and public support of our national and foreign policies. We in the Department of State are incessantly engaged in trying to get a maximum of information on foreign policy developments out to the American public.

That's a cliché, and I don't want it to hang in the air without backing it up. Simply wanting to get out the maximum amount of information means very little. This is something that calls for constant work. It means knowing what is going on. It means convincing other officials that there are advantages, as well as disadvantages, in making something public. It means presenting the facts in a straightforward, simple fashion that will be understood and not lead to misinterpretation. It means giving the background to the facts so that they may be better grasped. It means getting hold of interesting details as well as the bare facts. It means acting with dispatch so that information is given out before it is leaked out, willingly or unwillingly, fairly or distortedly. It means keeping the door wide open to news gatherers. It means giving them service.

This is not easy. Our foreign relations are worldwide and complicated. This evening I took occasion, in driving from the airport to the hotel, to go past 13 South Sixth Street, Philadelphia. There the Department of Foreign Affairs, as it was known then, had its first home, in 1781—an old row house. At that time the Secretary was Robert Livingston and the Department had 5 employees. Today it has over 12,000 American employees, and we have diplomatic relations with 80 nations and many international and regional organizations.

I place first reliance for getting across our story on the established media of public information—the newspapers, rádio, TV, news magazines, and magazines. No government-contrived and -financed system for distribution of information can be more than a shadow compared to the solid moving mass of these established media. I believe that the representatives of these American media

are among the most intelligent, objective, and hard working in the world.

The public affairs officer in the Department of State must, of course, look two ways at the same time. He must have in mind American public opinion, and he must have in mind foreign public opinion. What might be received with acclaim on this side might fall on the other with the thud that sickens—and vice versa. This two-brained Janus must therefore have a knowledge of and appreciation of both American and foreign opinion.

Increasing Knowledge of Foreign Policy

As for the American public, I am ever more encouraged by the constantly increasing knowledge Americans have of the world and of our foreign policy. Two world wars, the Korean war, the presence of the United Nations on our soil, the role of leadership the United States has had to assume in the free world, the constant flow of hundreds of thousands of American tourists overseas annually, the heightened efficiency of communications and transportation since the last war—all these and other factors too have combined to acquaint Americans with the rest of the world. Place names that were once unknown now appear in headlines and news stories without the need for explanation. Just a short time ago, to most Americans, at a guess, the Gulf of Aqaba could have been a Texas inlet; Cyprus a kind of tree; and the Gaza Strip an act by Gypsy Rose Lee. Fifteen years ago no quiz program contestant could have walked off with \$190,000 if the question was "What is Okinawa?"—even if the contestant had the intelligence of a 10-year-old boy.

Another item of encouragement is this: Americans, I believe, are becoming more aware of the fact that the foreign policy of their Government is solidly based on principle. This principle was not formulated today or yesterday but goes right back to the fundamentals set forth by the Founding Fathers of the Republic.

Our people had a dramatic assertion of this fact in the Middle East crisis last autumn. As Secretary Dulles said in New York 3 days ago, "Historic ties would have led us to acquiesce in the forcible action that was begun. But this would have involved disloyalty to the United Nations undertaking that all members renounce the use of force except in defense against armed attack."²

² BULLETIN of May 6, 1957, p. 715.

As he further said, this was a hard decision and, he supposed, was not a popular decision. "Yet," and I quote him again, "it was imperative if the world was not to go as it went when the League Covenant was disregarded."

Some people overseas and some people here still blame us for that decision. But those in great majority who admire adherence to principle can now see clearly that it was as wise as it was noble. All one needs to do is reflect on all the implications in Secretary Dulles' phrase—"if the world was not to go as it went when the League Covenant was disregarded"—and to cast the mind back to the chain of misery that did wrap itself around all people when the Covenant of the League of Nations was disregarded.

Communist Propaganda Offensive

In making clear the foreign policy of the United States, we face one very important difficulty which I do not think is shared by public-relations counselors in private endeavor. That is the ever-present opposition of a ruthless, cutthroat competitor, with no respect for human life or rights. In this case the competitor is international communism, with its total grasp of a vast apparatus of propaganda and its total absence of conscience.

I know that you have your competitors. I am sure your competition generally is keen, as it should be. But I doubt that your competitor disseminates falsehoods about your every product, your every plan, your every statement. I doubt that he tries to sow dissension between you and another company. I doubt that he imputes to you the basest of motives. We, however, face this type of action all the time.

Worldwide Communist propaganda is one of the most significant facts of this year. Never before in all our history have we had to confront such a phenomenon in peacetime. We had to fight against German propaganda in the First World War. We had to fight against Nazi propaganda in the Second World War. We had to fight against Soviet and Chinese Communist propaganda in the Korean war. But never before in peacetime have we been up against a propaganda offensive such as that conducted by international communism.

Just let President Eisenhower or Secretary Dulles state a policy, new or old, and watch international Communist propaganda set out to under-

mine it. You ought to watch it—it's a highly interesting performance, almost as good as some of the TV shows your companies sponsor, including commercials. The President states the Middle East policy, designed to bring peace and stability to the Middle East. Overnight, Communist propaganda begins firing all its guns. The United States is carrying war to the Middle East. The warmongers of Wall Street are once more in command. The United States wants to enslave the peoples of the Middle East. The United States is the new colonial power. It wants to drive the British and French out of the Middle East. It wants for itself all the oil of the area. Its reactionary leaders desire the impoverishment of the Arabs. It wants to encircle the Soviet Union with hostile forces. The United States conspired with the British, French, and Israeli to bring about the invasion of Egypt.

On Monday of this week I had the pleasure of being present in New York when Secretary Dulles addressed the annual luncheon of the Associated Press. Immediately after the luncheon we drove to the airport and flew back to Washington. Lo and behold, one of the first press dispatches handed me after I returned to my office was from Moscow. It dealt with a commentary on Radio Moscow distorting the Secretary's speech and, of course, attacking the distortions.

But please note that, bad as all this is, it does not emanate solely from Moscow. Its diffusion is far more widespread. The Kaiser's propaganda and the Nazi propaganda came from Berlin, but the international Communist propaganda comes from many places simultaneously. It comes from Soviet-subsidized newspapers and writers in the Near East. It comes from Communist newspapers in France and Italy and the China mainland. It comes from Communist speakers, from leaflets, in many scores of cities from Liverpool to Lima. The bandleader in Moscow raises his baton and the musicians all over the world, including the United States, play in the same key, however off-key it may be.

Action for Propaganda Effect

Now please note another point. We in our professions, yours and mine, generally think of propaganda as consisting of words and ideas put out over the radio, in the press, in pamphlets, in motion pictures, and the like. But not so the inter-

national Communists. They think of propaganda in two terms. One is as I just described it. The other is action. And very often action is the most potent propaganda of all.

We in the United States Government are not accustomed to taking action for propaganda purposes. If we take action in foreign policy, for instance, it is solely for the purpose of promoting our basic purpose, which is peace and justice for all nations, thus promoting the welfare of all peoples.

The international Communist rulers, however, are prepared, and skillfully so, to use action solely to produce a propaganda effect. Witness the series of threatening notes addressed by the Kremlin in recent weeks to members of the North Atlantic Treaty alliance. The Kremlin could have had no hope that these nations would withdraw from NATO or give up the NATO bases on their soil. But they did have a hope that the United States would be branded as a probable aggressor, using the NATO countries as launching sites for an attack on the Soviet Union.

Perhaps never before in diplomatic history have we witnessed such a Niagara of notes, letters, and statements as have issued from the Kremlin in the last few months. All the midnight oil from Batum and Baku seems to be burning in the Kremlin. There are, of course, various explanations for this flood. But one of them is without a doubt the propaganda effect.

A little more than a year ago Premier Bulganin addressed a formal note to President Eisenhower, proposing a 20-year nonaggression pact between the two countries.³ Mr. Bulganin could not have hoped that the President would accept the proposal, in view of all the basic unsettled issues between the two countries. But he could hope that the President's rejection would confirm Soviet propaganda that the Soviet Union was the protagonist of peace and the United States the protagonist of war. He could hope that the proposal would obscure the fact that the Soviet Union forbade the unification of Germany and the freedom of the satellites, without which true peace is impossible. He could hope that the mere discussion of the proposal would alienate the United States from its closest allies, Britain and France,

with whom the Soviet Union had recently abrogated its treaties of nonaggression.

I think we need to learn a lesson—in fact, I think we have learned a lesson—from the Soviet practice of action plus propaganda. You remember, I'm sure, the Soviet and Chinese Communist campaign on our alleged use of germ warfare in Korea. They cleverly combined action with propaganda. On the action side they forced American fliers to make confessions. They ferried to Korea scientists and pseudoscientists from various countries so as to produce resolutions and statements. And no doubt they convinced millions of people that Americans were barbarians.

The lesson is that we too can put across our ideas to other peoples and even to the Soviet rulers by action and information—not the spurious action and false information of Communist propaganda, but honest action and true information.

Atoms-for-Peace Program

In December 1953, President Eisenhower appeared before the General Assembly of the United Nations to appeal to all its members to turn the dreaded atom into peaceful channels. The first reaction of the Soviets, conveyed by Radio Moscow, was one of scorn and suspicion. But our Government persisted. On the action side it made bilateral agreements with a number of nations to furnish atomic materials for peaceful use and research. It trained experts from many countries in the peaceful use of the atom. It provided radioactive isotopes to many nations for use in hospitals. It proposed the creation of an international atomic energy agency. On the information side many statements were made to convey an idea of the tremendous scope of the atoms-for-peace. The United States Information Agency conducted a major campaign throughout the world, through exhibits, pamphlets, radio, press, and motion pictures, to convey to hundreds of millions of people the meaning of the President's proposal for the health and welfare of men, women, and children everywhere.

Ultimately the pressure of world public opinion became so overwhelming that the Soviets had to give in. I was present at the Summit Conference at Geneva when Premier Bulganin promised that the Soviet Union would contribute fissionable materials to an international agency.

³ *Ibid.*, Feb. 6, 1956, p. 193.

Now that agency has been agreed to, and the Soviet Union has announced its ratification.

I was present, too, at the Summit Conference when President Eisenhower made his famous open-skies proposal for reciprocal aerial inspection of the Soviet Union and the United States to prevent surprise attack by one upon the other. There again the Soviet reaction, then and for many months to come, was one of opposition, even derision. To them this was espionage. Mr. Khrushchev said he did not want American pilots peering through his bedroom window. I heard Mr. Molotov argue that American inspection planes might drop atomic bombs on Russia. But the United States Government persisted. The United States Information Agency put on another global campaign to show what the President's proposal could do and what aerial inspection could show up in the way of military concentrations and preparation. And now the Soviets have come to the point where they are willing to have aerial inspection 500 miles on each side of a dividing line in Eastern Europe. We should like to see a larger area embraced, of course, but this Soviet counter-proposal is certainly a concession to the strength of world public opinion.

Opportunities for Positive Action

With what I have said and with what you already know of the world situation, you can see the problems we face in making our positions clear. And you can also see the opportunities we have for positive action.

I therefore want to appeal for help to you experts in this field of public relations. You can do a valuable work for your Government in many ways. Too often in the past, I think, government departments and agencies have appealed for assistance from industry, labor, and national organizations and a patriotic reply comes back, "Of course. What do you want us to do?"; and then virtual silence or vague responses from the Government.

Consequently I want to make a few suggestions.

One vital area where your help is needed is in spreading understanding of the mutual security program, now very much in the searchlight glare of reexamination. As in many a major program, a certain amount of folklore and a certain amount of misunderstanding does exist. "Foreign aid" is a more familiar term to describe it, but it is a

misnomer in that the benefits deriving from it are for us as much as for our friends of the free world.

In the 9 years of its life it has scored notable successes. The return to economic health of Western Europe under the Marshall plan, which was the first phase of the program, is one good example—a recovery so complete that no new economic aid has been undertaken for the Marshall plan countries of Western Europe in the last 3 years and no foot of soil has been lost to the Soviets since its inception.

This aid has resulted in far greater security for the nations of the free world.

The current 1958 mutual security program, as presented by President Eisenhower and Secretary of State Dulles, has a fresh approach which has already enjoyed a good public response. Basically the program breaks down as follows:

—75 percent is for military aid and as such will be added to the Department of Defense budget.

—The remaining 25 percent is for economic development funds, emergency grant aid, and technical assistance—each to be clearly identified and each to be made available as largely as possible on a loan basis.

These, with the added principle that developmental loans will be on a 3- to 5-year basis for better continuity, are the fundamentals of the new approach. They represent in essence a sharp division between the military and economic purposes of the program.

A second area of cooperation relates to the statute of the International Atomic Energy Agency, which the United States has done so much to create. This comes up for ratification shortly. The proposed agency results from President Eisenhower's address to the United Nations General Assembly in December 1953, but its purposes are, I think, insufficiently known to the American public. Once these are understood, including the creation of a pool of basic nuclear fuels for peaceful uses, the training of scientists, research and exchange of information on peaceful uses, I believe the public response will be strongly behind this forward step. The need for reassurance that the power of the atom will be more and more directed toward the ends of peace is an elemental need in these anxious times—akin to hunger and thirst, if you will. Here is food and drink. Here is forward motion of a positive and tangible kind toward assuring, in President Eisenhower's noble

words, that "the miraculous inventiveness of man shall not be dedicated to his death, but consecrated to his life."

A third area of effective help is the people-to-people program. I was delighted to note that your speaker last night, Mr. Bolton, made the people-to-people program the subject of his talk. I had the privilege of being present in Washington last September when President Eisenhower personally launched this movement. I can testify that the President is keenly interested in the program and is confident it can produce an extremely valuable effect overseas. The scope of the people-to-people program is vast, and within its range of activities any one of you will find at least one facet that merits a contribution of effort.

All the help you can give in creating overseas a climate of good will toward the United States is of value to your Government. The application of our foreign policy in a given country will always be more fruitful if it falls on a soil enriched by understanding of the ideals upon which our country stands.

Those of you who have overseas operations might well give particular attention to the numerous new nations that have come into being since the last war. There are 19 of them, and they embrace a population of 700 million people, nearly one third the people of this earth. It is important that these peoples be friendly to us and understand our policies.

On this side of the waters you can be helpful simply by making yourselves and your firms and associations more aware of what our foreign policy is. There are numerous ways of doing so, and there is no need for me to list them. I do, however, commend to your reading the full text of the address Secretary Dulles delivered in New York on Monday [April 22], entitled "Dynamic Peace." It cogently states the basic principles underlying our policy of waging peace.

In dealing with various segments of the American public, don't be afraid to offer an opinion once you have formed it. If you are in position to help mature the opinion of a group, get them to understand their stake in the conduct of our foreign policy.

Secretary Dulles has said: "The bedrock foundation of U.S. foreign policy must come from the American people. Your awareness of the problems we face and your interest in helping us to

find just and workable solutions to them are essential to a successful foreign policy."

Finally, if there is any aspect of foreign policy you do not understand, please don't hesitate to write to my office. With the influx of the 150,000 letters per year I mentioned earlier, we can always handle a few more. I promise you an answer.

U.S. Rejects Hungarian Charges Against Captain Gleason

Press release 248 dated April 25

In a note received at the American Legation at Budapest on April 9¹ the Hungarian Ministry for Foreign Affairs alleged that Capt. Thomas R. Gleason, Assistant Military Attaché at the Legation, has engaged in "open espionage" and demanded that he leave Hungary within 48 hours. Six days earlier, on April 3, Captain Gleason and Col. J. C. Todd, the American Military Attaché, had been halted on a public road near a Soviet-occupied barracks in Hungary and detained for nearly 6 hours by Soviet and Hungarian military personnel, under the apparent direction of a Soviet officer. The American Legation protested this incident in a note to the Foreign Ministry dated April 5.¹

In a reply to the Hungarian note of April 9, which was presented to the Hungarian Ministry for Foreign Affairs by the American Chargé d'Affaires, N. Spencer Barnes, at Budapest on April 25, the U.S. Government has rejected the Ministry's charges of espionage, renewed the Legation's protest concerning the incident of April 3, and requested that the Ministry bring this protest to the immediate attention of the responsible Hungarian authorities.

Text of U.S. Note of April 25

The Legation of the United States of America presents its compliments to the Hungarian Ministry of Foreign Affairs and has the honor to refer to the Ministry's note of April 9, 1957 alleging certain improper activities on the part of Captain Thomas R. Gleason, Assistant Military Attaché of the Legation.

It is clear from the record of Captain Gleason's actions that he neither engaged in improper activities nor violated any known Hungarian law

¹ Not printed.

or regulation affecting foreign diplomatic personnel in Hungary. He traveled openly, on the understanding that diplomatic personnel may move about freely within the territory of Hungary. He identified himself fully in his occasional meetings with Hungarian citizens. On no occasion did he depart from accepted norms of conduct for diplomatic personnel.

With reference to the incident of April 3, 1957, the United States Government considers it inexcusable that Captain Gleason and Colonel Todd should be halted at gun point, questioned at length, and detained for nearly six hours on a public road by Soviet and Hungarian military personnel. This treatment of Captain Gleason and Colonel Todd can only be regarded as a flagrant breach of diplomatic courtesy. The fact that these American officers were detained by personnel under the apparent direction of a Soviet officer is particularly noteworthy, for it reflects the conditions which characterize an occupied country.

The Legation is instructed by the United States Government to reject categorically the charges made against Captain Gleason, and to renew its emphatic protest concerning the incident of April 3. The Legation requests that this protest be brought to the immediate attention of the responsible Hungarian authorities.

United States Position on Nicaraguan-Honduran Conflict

DEPARTMENT ANNOUNCEMENT

Press release 260 dated May 2

The U.S. Government is gravely concerned over reports of an armed clash involving troops of Honduras and Nicaragua. The Council of the Organization of American States met on May 1 in special session to deal with a Honduran allegation of an aggression by Nicaraguan troops. It met again on May 2 to consider Nicaraguan accusations that Honduran troops had fired on and killed Nicaraguan soldiers.

In addressing the Council of the Organization of American States on May 1, the U.S. Representative, Ambassador John C. Dreier, stated, in part:

It is . . . the responsibility of all member states, including especially those which may be involved in a dispute, to take every reasonable measure to prevent the aggravation of a situation or controversy which they bring to the attention of the Council. I am sure that every member of this Council shares the view that it is incumbent upon all states to avoid any acts which might make a just and honorable resolution of this controversy more difficult.

As a member of the OAS, this Government stands ready to participate fully in such actions as may be agreed upon to resolve the controversy between these two member states and, meanwhile, expresses in the most friendly terms its urgent hope that they will avoid further acts which might prejudice a prompt and peaceful solution of the problem.

STATEMENT BY AMBASSADOR JOHN C. DREIER¹

I should like to say that I have listened with greatest care to the statements made by the Representatives of Honduras and Nicaragua and have studied the note from the Foreign Minister of Honduras which was delivered to the chairman yesterday.

On various occasions, I have expressed the opinion that as a result of the effective functioning of the Organization of American States it is inconceivable that any of the sister republics of this hemisphere would resort to armed conflict to settle a dispute. This remains my firm belief, and I am sure that the tradition and spirit of peaceful settlement of international disputes that motivate the American nations will certainly prevail in the controversy that has been brought to the attention of this Council today. The statements by the Representatives of both Honduras and Nicaragua fortunately fully support that view.

The record of the Organization of American States in the maintenance of peace and security is based upon a number of different legal, political, cultural, and moral factors. Certainly one of the most important is the sense of responsibility which all the American nations increasingly share for the maintenance of the principles of peaceful solution of international disputes and the banning of aggression.

¹Made before the Council of the Organization of American States at Washington, D. C., on May 1. Ambassador Dreier is U.S. Representative on the Council.

Whenever any member state brings to the Council a charge that its political independence and territorial integrity is being affected by threats or acts of aggression, it is the immediate responsibility of this Council to give prompt and serious consideration to that request. It is also the immediate responsibility of this Council to give a full and fair hearing to the party against which charges are lodged. This the Council is doing.

It is also, Mr. Chairman, the responsibility of all member states, including especially those which may be involved in a dispute, to take every reasonable measure to prevent the aggravation of a situation or controversy which they bring to the attention of the Council. I am sure that every member of this Council shares the view that it is incumbent upon all states to avoid any acts which might make a just and honorable resolution of this controversy more difficult.

In determining whether to accede to the request of a member state to convoke a meeting of foreign ministers under the Inter-American Treaty of Reciprocal Assistance, the Council must, of course, weigh carefully the question of whether the immediate situation fulfills the requirements set forth in that treaty. In order to make such a determination, it is quite possible that further clarification of the factual situation should be sought.

Members of the Council will also welcome any indication from the representatives of the parties to the controversy as to what means other than the convocation of a meeting of foreign ministers might be adequate to lead to a solution of the basic difficulty. In the present instance, the incidents which have been alleged to have taken place in the border territory are related to a longstanding legal dispute. We may hope that the parties will work out some method of resolving the basic cause of this conflict. They can readily find assistance

toward this end from the peaceful procedures in effect in the inter-American system, including the services of the Inter-American Peace Committee, should they so desire.

In conclusion, Mr. Chairman, I wish to stress the importance which my delegation attaches to the avoidance of any acts which would make a solution of the present controversy more difficult, to the further clarification of facts bearing upon the desirability of convoking a meeting of foreign ministers to consider the matter, and to the consideration by the parties themselves of all possible methods of resolving this controversy in the spirit and tradition of the Organization of American States.

Under the circumstances I agree it would be premature for the Council to take any decision on the request today. I support the motion of the Representative of Mexico that the Council adjourn for 48 hours to provide an opportunity for consideration of the matter, with the understanding that, should changed circumstances so require, the chairman may call the Council into session at any time. I also support the suggestion that the Council express in the most friendly terms to the two sister Governments its confidence that they will avoid acts which might make the solution of the problem more difficult.²

² On May 2 the Council adopted unanimously a resolution in which it took cognizance of the charges of Honduras and Nicaragua. The resolution called for a meeting of the Organ of Consultation under the Rio Treaty (the Organ of Consultation is a meeting of the Ministers of Foreign Affairs), and the Council constituted itself as the Provisional Organ of Consultation pending the meeting of foreign ministers. The chairman appointed a committee of five (Argentina, Bolivia, Mexico, Panama, U.S.) to investigate the dispute on the spot and report back to the Council. The committee then elected Ricardo Arias of Panama as its chairman. The committee left Washington on May 3 for Tegucigalpa and Managua.

The Road Ahead for Foreign Trade Policy

by Thorsten V. Kalijarvi

Assistant Secretary for Economic Affairs¹

It is a pleasure to meet with you gentlemen who are actively engaged in the business of importing and exporting. As foreign traders you are among the adventurous businessmen of our country. You help extend our horizons and contribute to making our high living standards constantly higher.

While I have chosen as the theme of my talk "The Road Ahead for Foreign Trade Policy," I wish to address myself principally to the forthcoming European common market and free trade area and to the improvement of the international organizational machinery for foreign trade. There, we believe, lies one of the keys to the maximum expansion of our foreign trade. There, we believe, lies the promise for increasing the economic and political strength of an important part of the free world. There too, we believe, lie many opportunities for our future trade.

Importance of Foreign Trade

All of us know the importance of foreign trade. It consists of the movement of goods and services, and it is a producer of vitality, well-being, and security for the Nation as well.

It is an essential part of that solid economic foundation without which the mutual defense of the free world would be built on quicksand. Indeed, it does not take much reflection to make clear that it is impossible for us to live in economic isolation and at the same time to convince others to join us in international political cooperation.

If we were unwise enough to keep others from selling in the American market, foreigners would be unable to buy our products. This is a fact which our disposal program for surplus agricultural commodities has highlighted. That program has emphasized our dependence on export markets for many commodities. It is axiomatic that exports and imports have a direct relationship to each other. Of course, the import of commodities does not have as its sole purpose the facilitating of exports. Nevertheless, our basic concept is that as a country we profit by importing as well as by exporting. This exchange benefits all of our 170 million people, not just those engaged in specific transactions.

What is more, foreign trade has proven not only a significant contribution to the economy but a dependable one. It holds great promise for the future. You may recall that immediately following World War II many argued that our profits from foreign trade were only temporary. Were it not for our vast outpouring of aid under the Marshall plan and the devastated world productive facilities, they said, United States exports would soon drop sharply, and imports from low-wage countries would flood the country, competing with domestic products and displacing domestic employment.

Now we know that reasoning to have been false. The actual facts are vastly different. Our non-military aid expenditures have been reduced, and competition in world markets has returned to what may be called a normal level. Yet in 1956 we recorded the highest level of commercial exports in our history, surpassing even the level of exports in 1947, the previous peak year. Imports in-

¹ As-delivered text of address made before the National Council of American Importers, Inc., at New York, N. Y., on Apr. 25 (advance text issued as press release 240 dated Apr. 24).

creased, and at the same time the excess of our exports over our imports in 1956 expanded.

Problems

Now for the problems in the road ahead. Some of the foreseeable major problems—as well as new opportunities—facing us in the future are centered around the European common market and free trade area.² While this integration has not yet taken place, its shape is constantly growing clearer. Its full meaning for United States foreign trade policy is not apparent in all respects. In general, however, we are convinced that it will have great significance for us.

The post-World War II era in foreign trade is drawing to a close. It was characterized by the creation of certain institutions to facilitate international economic cooperation, notably the International Monetary Fund, the International Bank for Reconstruction and Development, and the General Agreement on Tariffs and Trade.

The International Monetary Fund was set up to operate in the field of finance and exchange-rate policies. It was designed to provide liquidity and a margin of credit so as to tide countries over short-term difficulties in their balance of payments and thus to avoid the resort to restrictive measures that would depress world trade.

The International Bank for Reconstruction and Development was established to provide capital loans to finance the importation of equipment and machinery to restore ravaged countries and to expand production in economically underdeveloped countries.

The General Agreement on Tariffs and Trade, signed in 1947, to which 35 nations now adhere, converted a large part of the world's tariff negotiations from a bilateral basis to a multilateral basis. That agreement established a code of fair conduct for international trade and provided machinery for consultation and review of trade and tariff disputes. The GATT made amicable adjudication of such disputes possible and thus avoided trade warfare, with which the world had been beset in earlier days.

These institutions and arrangements were dedi-

cated to the expansion of business freedom and responsibility in international economic relations. They grew out of and reflected the experience of the twenties and early thirties, when countries acting by themselves tried to insulate themselves against the world depression by restricting trade, by cutting down imports, and by trying to expand exports. This movement toward autarchic systems, with highly regulated, centrally controlled trade, finance, and exchange, had its extreme manifestation in the Communist and Fascist states. The net result was a distorted pattern of world trade, the loss of liberties usually associated with private enterprise, and a series of competitive exchange depreciations. Retaliatory protection became the rule.

The international economic institutions just described were efforts of the victorious powers to correct this undesirable situation and to prevent its return in the postwar period. The benefits accruing from these organizations in the last 10 years have been manifold. Of course they have not solved all the foreign trade problems, nor will they provide solutions for all those that lie ahead. Nevertheless, the objectives of expanding trade, broadening tariff negotiations, and the adoption of common trading rules are more valid now than ever. If those objectives are pursued with determination, the institutions created after the war can promote even more effectively an ever-growing world trade.

Against this background, let us examine the European common market and its challenge.

Challenge of the Common Market

The proposed European common market and free trade area constitute a major new factor in the economic world of today.

As you know, the proposed European common market will be composed of Belgium, France, the German Federal Republic, Italy, Luxembourg, and the Netherlands. These six countries, in an unprecedented step, plan to eliminate substantially all trade barriers among themselves. The barriers slated to go include tariffs and quota restrictions, covering both the public and private sectors of trade. German Volkswagen, for example, will enter the five non-German countries without restriction or tariff payments. So will French perfumes, Belgian machinery, Italian leather, Dutch bulbs, and a multitude of other products.

² For an announcement of U.S. views on the European common market and free trade area, see BULLETIN of Feb. 4, 1957, p. 182.

Not only does the common market involve the elimination of substantially all barriers among the six countries; it also involves the establishment of a common unified external tariff toward outside countries. In other words, United States automobiles, leather, and other export products will be subject to the same tariff in each of the six countries.

It is anticipated that the move toward economic integration may go beyond the six countries. The United Kingdom and 10 other Western European countries have indicated an interest in associating themselves with "the six" in a broader free trade area. Under such an arrangement, barriers to trade between the additional 11 countries and "the six" would be eliminated on a wide range of products. However, the 11 countries would continue to maintain their own tariffs against countries outside the free trade area. The six countries of the common market would do the same with their unified tariff.

To give you a concrete idea of the magnitude and importance of the market thus to be created, the six countries in 1955 possessed over 162 million people, a combined gross national product of \$126 billion, and 22 percent of world trade. Moreover, there were in 1955 in the 17 prospective common-market and free-trade-area countries about 285 million people. This area is one of the most highly industrialized in the world.

United States trade figures may give you an appreciation of the significance of this area to us. The United States exported worldwide over \$15 billion in goods and services in 1955. Of this total, almost \$4.5 billion or about 29 percent went to the 17; and of that \$4.5 billion, over \$2 billion of United States exports went to "the six."

Obviously, a common market area as large as the six countries without internal trade barriers promises a tremendous stimulus to efficient production and improved living standards in Europe.

The United States has welcomed this development. We believe the free world will gain if the principal nations of Western Europe can achieve strength through economic integration. Politically, such a unit could become a powerful element in world affairs. Economically, it could lead to an unparalleled expansion in world trade. As the barriers are reduced and increased competition within the community spurs increased efficiency and productivity, standards of living will rise.

From this should result greater demands for American and other foreign goods.

Therein lies the promise of the common market and free trade area. The fulfillment of that promise in part or in whole, however, depends on the associations being used to attain the six countries' stated objective of expanding trade not only with each other but also with other countries. It is the expansion of trade with the rest of the world that is a major concern with us. Nor are we alone in our concern. Our neighbor Canada has taken a position similar to ours. Indeed, so have the United Kingdom and others.

The common-market concept is already far advanced. "The six" have signed a treaty for the establishment of a common market. The ratification process is beginning in the six national parliaments, although many problems must be solved. There will be real difficulties, for example, in bringing the comparatively stable industries of some member countries into the same market arrangement with the expanding industries of others, and in associating overseas territories of "the six" with the common market. The greater the difficulties in winning approval at home for the elimination of trade restrictions within the common market, the greater the temptation will be to raise the common barriers against goods coming from outside the area. Certainly, from our standpoint, the promise of the common market consists in a large measure in resisting that temptation.

United States Policy

We assume that it is the firm intention of the member countries of both the common market and the free trade area to press for the expansion of trade with the outside world. On that assumption we know that they will need encouragement in order to achieve their goals. On that assumption, too, the course of United States trade policy may well prove decisive over the next few years. If this country continues its liberal trade policy, the members of the Western European community will be given a powerful incentive to continue forward and to bring their plans to fruition. The transitional period will be difficult for them in any case. It is most important from our viewpoint, as we have already said, to have "the six" continue through this period to look outward toward world markets and global trading arrangements. If

"the six" find themselves confronted with increased restrictions elsewhere, they will tend to look inward toward their own large unified market and to raise barriers against outsiders to the detriment of United States trade.

The implications for United States foreign trade of the new developments must not be glossed over. Competition both in world markets and in the United States market may grow sharper. But this is not new to us. Competition is basic to our domestic economy. We advocate it internationally as well. Competition is, of course, the primary reason for the success of the free enterprise system. Competition, both foreign and domestic, in general improves the overall efficiency of the economies of the free world.

We have no doubt that American trade will be competitive. We see in these new developments new profitable export opportunities for our traders—opportunities that have always been earnestly sought and assiduously exploited.

Another encouraging development is that, as the balance-of-payments position of various countries continues to improve, there will be less justification for import quotas and other trade restrictions. We shall press for their entire elimination. Later this year in Geneva the United States will consult with 20 countries still maintaining quantitative restrictions for balance-of-payments reasons. These consultations will provide the occasion for discussing the current level of trade restrictions and for examining the prospects for further relaxation and eventual elimination of the restrictions.

Improving the GATT

There is another important aspect to this new common-market development that requires our attention, namely its relationship to the GATT. The newly integrated unit will make necessary some effective measures by ourselves and others to keep abreast of developments.

The six countries intend to set up new machinery for the determination and administration of their policies. That machinery includes a Council, a Commission, a Court of Justice, and an Assembly to provide a "forum of opinion." It is to be expected that the 11 associated countries in the free trade area would have a large community of interest in and would work along with such organizations.

In view of these continuing developments, the "outside" countries, especially those associated in the GATT, including the United States, must have an effective administrative organization to follow the policies, plans, and actions of the 17 countries prospectively coming together in the new trading arrangements. The organization must have facilities to report developments to all the countries of the GATT and to provide a forum for the discussions of such developments speedily. It is now apparent that it is in the interest of United States business—both export and import—that such an organization be created.

If the Organization for Trade Cooperation had not previously been proposed, we should now have to propose it. The President has seen this clearly. He has emphasized to the Congress the need to press for its approval so that it can be made active and efficient at the earliest possible moment.³

The Organization for Trade Cooperation among other functions will furnish a continuous forum for the constant watch and consideration of the plans and actions of the 17 members of the common market and free trade area. It will provide an institution for the achievement of harmony between the provisions and general objectives of the general agreement and those of the common market and free trade area. We must make every effort to harmonize the common market and free trade area with the GATT. Otherwise there is a real danger that the associated nations will be tempted to break away as an independent regional group, going their own way with their own tariffs, their own quotas, with no obligation to the other countries of the world.

Two Major Points

In conclusion permit me to summarize the two major points we have made.

First, the emerging European common market and free trade area are major new factors in the economic world. The future course of United States foreign economic policy is directed toward encouraging "the six" and others to reduce trade barriers and to work toward a nondiscriminatory multilateral trading world.

Second, the OTC is needed in this new era of the common market.

We stand on the threshold of a new era of ex-

³ *Ibid.*, Apr. 22, 1957, p. 657.

panded world trade. Our share in that trade will depend upon the vision which you as private foreign traders and we as government officials manifest in meeting our opportunities.

Quota on Imports of Butter Oil and Butter Substitutes

White House press release dated April 16

WHITE HOUSE ANNOUNCEMENT

The President has issued a proclamation imposing a quota upon imports of butter oil and butter substitutes containing 45 percent or more of butterfat. For the year 1957 the quota will be 1,800,000 pounds. For 1958 and subsequent years, the annual quota will be 1,200,000 pounds.

The President accepted the Tariff Commission's recommendation that he impose a quota in this case. The Commission recommended that the annual quota should be 1,800,000 pounds, which is equivalent to actual butter oil imports in 1956. The President imposed a quota in that amount for the current year. For 1958 and each subsequent year, however, the proclamation imposes a smaller quota.

The President's action was based on a report of the United States Tariff Commission.¹ The Commission's investigation and report were made under section 22 of the Agricultural Adjustment Act, as amended, which authorizes limitations on imports when imports are interfering with or threaten to interfere with domestic price-support or marketing programs.

PROCLAMATION 3178²

IMPOSING A QUOTA ON BUTTER SUBSTITUTES, INCLUDING BUTTER OIL

WHEREAS, pursuant to section 22 of the Agricultural Adjustment Act, as amended (7 U. S. C. 624), the Secretary of Agriculture advised me that there was reason to believe that butter substitutes, including butter oil, containing 45 per centum or more of butterfat, which are dutiable under paragraph 709 of the Tariff Act of 1930, as amended, are practically certain to be imported into

the United States under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with, the price-support program undertaken by the Department of Agriculture with respect to milk and butterfat, or to reduce substantially the amount of products processed in the United States from domestic milk and butterfat with respect to which such program of the Department of Agriculture is being undertaken; and

WHEREAS on November 17, 1956, under the authority of the said section 22, I caused the United States Tariff Commission to make an investigation with respect to this matter; and

WHEREAS, in accordance with the said section 22, as implemented by Executive Order No. 7233 of November 23, 1935, the said Tariff Commission has made such investigation and has reported to me its findings and recommendations made in connection therewith; and

WHEREAS, on the basis of the said investigation and report of the Tariff Commission, I find that butter substitutes, including butter oil, containing 45 per centum or more of butterfat and classifiable under paragraph 709 of the Tariff Act of 1930 are practically certain to be imported into the United States under such conditions and in such quantities as to materially interfere with the said price-support program with respect to milk and butterfat, and to reduce substantially the amount of products processed in the United States from domestic milk and butterfat with respect to which said price-support program is being undertaken; and

WHEREAS I find and declare that the imposition of the quantitative limitations hereinafter proclaimed is shown by such investigation of the said Tariff Commission to be necessary in order that the entry, or withdrawal from warehouse, for consumption of such butter substitutes, including butter oil, will not materially interfere with the said price-support program or reduce substantially the amount of products processed in the United States from domestic milk and butterfat with respect to which the said price-support program is being undertaken:

NOW, THEREFORE, I, DWIGHT D. EISENHOWER, President of the United States of America, acting under and by virtue of the authority vested in me by the said section 22 of the Agricultural Adjustment Act, do hereby proclaim that the total aggregate quantity of butter substitutes, including butter oil, containing 45 per centum or more of butterfat and classifiable under paragraph 709 of the Tariff Act of 1930, as amended, which shall be permitted to be entered, or withdrawn from warehouse, for consumption during calendar year 1957, shall not exceed 1,800,000 pounds, and that the total aggregate quantity of such articles which shall be permitted to be entered, or withdrawn from warehouse, for consumption during the calendar year 1958 and each subsequent calendar year shall not exceed 1,200,000 pounds. The specified quantities of the named articles which may be entered, or withdrawn from warehouse, for consumption are not proportionately less than 50 per centum of the total quantities of such articles entered, or withdrawn from warehouse, for consumption during the representative period from January 1, 1956, to December 31, 1956, inclusive.

¹ Copies of the report may be obtained from the U. S. Tariff Commission, Washington 25, D. C.

² 22 Fed. Reg. 2701.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the United States of America to be affixed.

DONE at the City of Washington this fifteenth day of April in the year of our Lord nineteen hundred [SEAL] and fifty-seven, and of the Independence of the United States of America the one hundred and eighty-first.

Dwight D. Eisenhower

By the President:

CHRISTIAN A. HEETER

Acting Secretary of State

Congressional Documents Relating to Foreign Policy

85th Congress, 1st Session

- An Agreement Between the United States of America and the United Mexican States Concerning Radio Broadcasting in the Standard Broadcast Band, Signed January 29, 1957. S. Exec. G, March 12, 1957. 23 pp.
- ICEM and Land Resettlement. Resettlement of European Migrants in Latin America. Report of Subcommittee No. 1 of the House Committee on the Judiciary pursuant to H. Res. 107, a resolution authorizing the Committee on the Judiciary to conduct studies and investigations relating to certain matters within its jurisdiction. H. Rept. 203, March 18, 1957. 79 pp.
- Amendment of Anglo-American Financial Agreement. Report to accompany S. J. Res. 72. S. Rept. 166, March 18, 1957. 6 pp.
- Amendment to the Anglo-American Financial Agreement. Hearings before the Subcommittee on Foreign Economic Policy of the House Committee on Foreign Affairs on H. J. Res. 271 to implement further the act of July 15, 1946, by approving the signature by the Secretary of the Treasury of an agreement amending the Anglo-American Financial Agreement of December 6, 1945. March 18 and 19, 1957. 52 pp.
- Expressing the Sense of the Congress That Efforts Should Be Made To Invite Spain to Membership in the North Atlantic Treaty Organization. Report to accompany H. Con. Res. 115. H. Rept. 206, March 19, 1957. 4 pp.
- Report of the Special Study Mission to Guatemala of the House Committee on Foreign Affairs. H. Rept. 207, March 19, 1957. 19 pp.
- Report of the Special Study Mission to the Mediterranean Area of the House Committee on Foreign Affairs. H. Rept. 208, March 19, 1957. 12 pp.
- Export-Import Bank Loans. Hearing before the House Committee on Banking and Currency on H. R. 4136. March 19, 1957. 40 pp.
- The Statute of the International Atomic Energy Agency. Message from the President transmitting a certified copy of the Statute of the International Atomic Energy Agency, which was open for signature at the United Nations Headquarters in New York for 3 months, from October 26, 1956, to January 24, 1957, and was signed in behalf of the United States of America and by 79 other nations. S. Exec. I, March 22, 1957. 42 pp.
- Extension of Export-Import Bank Act. Report to accompany H. R. 4136. H. Rept. 221, March 25, 1957. 4 pp.
- Extension of Public Law 480. Report to accompany S. 1314. S. Rept. 188, March 26, 1957. 14 pp.
- Amending the Atomic Energy Act of 1954, As Amended, and for Other Purposes. Report to accompany H. R. 5866. H. Rept. 228, March 26, 1957. 4 pp.
- Amending the Atomic Energy Act of 1954, As Amended, and for Other Purposes. Report to accompany S. 1549. S. Rept. 191, March 27, 1957. 4 pp.
- Korea, Japan, Taiwan (Formosa), and the Philippines. Report on United States foreign assistance programs prepared at the request of the Senate Special Committee To Study the Foreign Aid Program by Dr. John A. Hannah, president, Michigan State University (pursuant to S. Res. 285, 84th Cong., and S. Res. 35, 85th Cong.). Survey No. 5, March 1957. 24 pp. [Committee print.]
- Technical Cooperation in the Andes Countries of South America. Report of Senator Mike Mansfield and Senator Bourke B. Hickenlooper on the technical cooperation programs in Peru, Bolivia, and Ecuador, pursuant to S. Res. 162, 84th Cong. March 1957. 14 pp. [Committee print.]
- The Role of Foreign Aid in the Development of Other Countries. A study prepared at the request of the Senate Special Committee To Study the Foreign Aid Program by the Research Center in Economic Development and Cultural Change of the University of Chicago (pursuant to S. Res. 285, 84th Cong., and S. Res. 35, 85th Cong.). No. 3, March 1957. 87 pp. [Committee print.]
- Agricultural Surplus Disposal and Foreign Aid. A study prepared at the request of the Senate Special Committee To Study the Foreign Aid Program by the National Planning Association (pursuant to S. Res. 285, 84th Cong., and S. Res. 35, 85th Cong.). No. 5, March 1957. 41 pp. [Committee print.]
- Foreign Assistance Activities of the Communist Bloc and Their Implications for the United States. A study prepared at the request of the Senate Special Committee To Study the Foreign Aid Program by the Council for Economic and Industry Research, Inc. (pursuant to S. Res. 285, 84th Cong., and S. Res. 35, 85th Cong.). No. 8, March 1957. 134 pp. [Committee print.]
- The Foreign Aid Programs and the United States Economy. A study prepared at the request of the Senate Special Committee To Study the Foreign Aid Program by the National Planning Association (pursuant to S. Res. 285, 84th Cong., and S. Res. 35, 85th Cong.). No. 9, March 1957. 105 pp. [Committee print.]
- Western Europe I (Norway, Denmark, and Western Germany). Report on United States Foreign Assistance Programs prepared at the request of the Senate Special Committee To Study the Foreign Aid Program by William Randolph Hearst, Jr., pursuant to S. Res. 285, 84th Cong., and S. Res. 35, 85th Cong. Survey No. 6. March 1957. 27 pp. [Committee print.]
- Central America and the Caribbean Area (Cuba, Haiti, Dominican Republic, Panama, Costa Rica, Nicaragua, Honduras, El Salvador, Guatemala, and Mexico). Report on United States Foreign Assistance Programs prepared at the request of the Senate Special Committee To Study the Foreign Aid Program by James Minotto, former Mutual Security Agency Chief in Portugal, pursuant to S. Res. 285, 84th Cong., and S. Res. 35, 85th Cong. Survey No. 9. March 1957. 29 pp. [Committee print.]
- The Military Assistance Program of the United States. Two studies and a report prepared at the request of the Senate Special Committee To Study the Foreign Aid Program by a Special Civilian-Military Review Panel, the Institute of War and Peace Studies of Columbia University, and the Systems Analysis Corporation, Washington, D. C., pursuant to S. Res. 285, 84th Cong., and S. Res. 35, 85th Cong. No. 10. March 1957. 166 pp. [Committee print.]

Trusteeship Council Reviews Progress in Trust Territories

Following are texts of statements made during the 19th session of the Trusteeship Council by Mason Sears, the U.S. Representative on the Trusteeship Council, and Robert G. McGregor, Deputy Director, Office of Dependent Area Affairs, Department of State, who was principal adviser to the U.S. delegation.

STATEMENT BY MR. MCGREGOR ON RUANDA-URUNDI, MARCH 25

U.S./U.N. press release 2650 dated March 26

As the Council knows, I served as the United States Representative in the Belgian Congo and Ruanda-Urundi for 3 years. In this capacity I visited the trust territory on three different occasions and was able to observe the workings of the Belgian Authority at first hand. I can therefore and I wish to pay just tribute to the spirit of sincerity and dedication with which the Administering Authority discharges its duties in the Trust Territory of Ruanda-Urundi.

It is often stressed in the Council that one of the basic tasks of the Administering Authority in this particular territory, insofar as the political structure is concerned, is the adaptation of a well-entrenched and highly developed feudal system in two distinct areas to the demands of the trusteeship agreement. This means that, while preserving order and maintaining sound economic policies, the Administering Authority is obliged gradually to break down anachronistic and outmoded authoritarian practices that are centuries old and implant in their stead the rudiments of democracy. This involves not only political indoctrination at the grassroots but also the substitution of an electoral process for rule by fiat. It is no wonder then that progress is slow.

My delegation wishes to congratulate the Administering Authority on two particular steps that

have been taken in the past year which should advance the pace of political progress in the territory. The first is the projected enlargement and reorganization of the Council of the Vice-Governor General, which envisages an increase in African representation. The second is the use of the electoral ballot for the first time by 700,000 adult male inhabitants of the territory. These actions are heartening and in our view most timely. Mr. President, the United States Representative in posing questions to the Special Representative desired to leave the impression that the administration's policy of slow but evenly maturing progress might not be fast enough to keep up with the evolutionary pace in other parts of Africa. My delegation would like to think that the Administering Authority in the Trust Territory of Ruanda-Urundi is not unaware of this fact and that, in guiding the political destinies of the inhabitants of the trust territory in its charge, it will continue to introduce political reforms and thus permit the territory to stay ahead of these pressures within and withstand pressures from without. It expresses the hope that the Administering Authority will actively encourage and assist more and more Africans to qualify for high administrative and consultative posts in the Government. Thus these Africans may work hand in hand with the Administering Authority for the political future of this territory.

A study of the economic situation convinces my delegation that considerable forward strides have been made in the development of cash crops, in stimulating exports, and in modernizing the economy. Having been in the territory, I have been greatly impressed by the singular determination with which the Administering Authority has applied anterosive measures and reclaimed arable lands.

My delegation, Mr. President, has two suggestions to make that it believes could increase some-

what the territory's economic potential. First, it has sought in vain in the report of the Administering Authority¹ for information regarding tourism in the territory. Yet here is an area in the heart of Central Africa that offers unique attractions to the tourist. The African life is exceedingly colorful—the Watutsi dancers are justly world famous, native artifacts are prize items in anyone's collection, the natural scenery is superb, including as it does the source of the Nile River, a large national park teeming with wild life, and active volcanos. The tourist who ventures into the area need only extend his stay by a few more days and at little extra expense enjoy the magnificent sight of Lake Kivu, the Albert National Park, and the Mountain of the Moon. Parts of Uganda adjacent to Ruanda-Urundi offer unparalleled tourist opportunities. My delegation would like to suggest therefore that the Administering Authority seriously study this matter with a view to exploiting these natural resources for the benefit of the territory.

Secondly, my delegation has noted that the import and export trade, as well as the wholesale business, is largely in the hands of Europeans and Asians; that 1,982 Africans were engaged in retail trade in 1955. Some of these latter possess capital of \$2,000 while the average is about \$300. It is also noted that Africans are beginning to enter the transport business, brick manufacturing, and the elaboration of artifacts. The special representative has stated that, in spite of intense and sustained efforts, methods have not yet been worked out whereby Africans may own their own land. Land ownership is normally one of the principal bases for the extension of credit. It seems to us therefore that this is a situation that should be remedied as soon as possible not only in order to increase the participation of Africans in the wealth-producing factors of the territory but also for the future development of an African middle class. Admittedly this is a very complex and difficult problem. Africans who have the use of land at reasonable rates or even without expense often do not see the advantages in ownership with its inevitable tax liability. My delegation notes with satisfaction that the Administering Authority is seriously studying the problem and hopes that its effort may result in the early introduction

of legislation that will furnish the African with credit facilities based on land ownership.

In the field of education my delegation notes with great satisfaction that 20 percent of the budget is devoted to this field. It has also noted the warning of the Special Representative that there are financial and human limitations on the extent to which education can be greatly extended in the territory. On the other hand, we have the extremely valuable report of the United Nations Educational, Scientific and Cultural Organization, which advances sensible and seemingly realistic suggestions whereby the Administering Authority might improve educational facilities.² Of course, there can never be enough education even in the most civilized countries, and facilities have to be tailored to fit revenues. But education is an investment in the future, and it is the earnest hope of my delegation that the Administering Authority will give most serious thought to these UNESCO suggestions and where at all possible put them into effect. In one particular respect it is believed progress should be made. That is to try to check the great number of students who now leave school between the 5th and 6th years. Cannot the Administering Authority make a conscientious effort to encourage those 5th-year students who show the greatest promise to continue with their studies? It is from such a group that the future leaders of the territory will emerge.

In general, there is a great deal that is heartening in the territory under review. We feel that the Administering Authority is to be sincerely congratulated for its administration and commended for carrying out its part of the contract it concluded 10 years ago with the United Nations.

In conclusion, Mr. President, my delegation would like again to thank the Belgian Representative and the Belgian Special Representative for the courtesy which they have shown in replying to questions and for their willingness to meet all reasonable demands of the Council.

STATEMENT BY MR. SEARS ON FRENCH CAMEROONS, APRIL 4

U.S./U.N. press release 2656 dated April 3

Last year in discussing the Cameroons the United States Representative held that economic,

¹ U.N. doc. T/1282.

² U.N. doc. T/1304.

social, and educational conditions were very clearly moving ahead.³ He also added that he was confident that the French authorities would help the Cameroonians in the near future to make equal progress in the political field. It is therefore most gratifying to find that this is precisely what has happened during the past year.

News stories appearing in the press indicate that the elections which were held last Sunday [March 31] in French Africa have produced victories for moderate forces seeking evolution in collaboration with France. This would seem to be an endorsement of the policy which France is following under the Overseas Reform Act. According to this policy, instead of waiting for extreme nationalism to build up demands for abrupt independence, it is the purpose of the territorial administration to outline clearly for its dependent peoples the course which should be taken toward self-government.

A very distinguished colonial administrator recently expressed the view that the only plausible solution for modern colonialism in Africa is that it must operate in partnership with African nationalism. Although this might be likened to catching a lion by the tail, it is hard to see how those who are responsible for the liquidation of colonial rule have any other choice.

African nationalist movements are going ahead in leaps and bounds, and nothing that anyone may say or do is going to halt or reverse the trend.

Accordingly, if progress is to be orderly, the leaders of these movements must be convinced that the colonial administrators are on *their* side and not against them. Only in such an atmosphere of trust can they become fully convinced about the advantages of developing free, democratic institutions—without which the welfare of their people can never be permanently assured. Unless they can be so convinced, the temptation will become great for them to seek other means for pushing their homeland ahead—means which would endanger their future freedoms. In other words, the orderly growth of durable self-government becomes impossible unless Africans are assured that colonial administrations are cooperating with them as partners in the promotion of their aspirations for self-government.

It was such cooperation that provided the key

to the success with which the powers of government were recently transferred from Great Britain to the new and fully independent state of Ghana. A great deal of favorable and well-deserved publicity has been given to this accomplishment.

But it would be inexcusably shortsighted, especially in the Trusteeship Council, if we did not also recognize the scope and significance of the new statutes which are being put into effect throughout French Africa. As the Council knows, these reforms stem from the very liberal decrees authorized by the Overseas Reform Act of last year. Under these decrees, the Trusteeship Council will note that the Trust Territories of Togoland and the Cameroons have become the spearheads for the political reforms which may later be applied to other French territories in Africa.

French administrators have described the policy behind these reforms as the opposite of "too little and too late." Obviously this policy is fast-moving and liberal in its approach and is intended to keep ahead of African demands. As such it involves serious administrative risks. But at this advanced stage in the evolution of West Africa toward self-government, a more cautious approach might contain equal if not greater risks.

At the same time one cannot close one's eyes to the fact that party politics in Africa is still highly volatile. Evidence of this is seen in recent outbreaks of violence not only in the Cameroons but in nearby territories as well. Some of them were Communist-inspired and are a significant warning that political and tribal disorders are often close to the surface. The one seems to stimulate the other.

We hope that during the concluding phase of French colonial administration African leadership will develop a capacity for self-restraint so that maintenance of public order may never be in doubt. However, this is easier said than done. The exercise of self-restraint during the excitement of an election campaign is difficult in all countries, let alone French territories in Africa where the pace of political advance is under constant acceleration.

Two years ago the sweeping political reforms which are now in prospect for the French Cameroons would have been unbelievable.

Although the new statute for the Cameroons

³ BULLETIN of Apr. 30, 1956, p. 730.

may not be finally enacted until next month, the degree of self-government which it will confer upon the trust territory is already apparent. Universal adult suffrage has been achieved, and in spite of Communist-inspired disturbances participation of the African voters in the recent legislative elections compares favorably to voter participation in countries which have had generations of experience in the conduct of free elections.

Also most important is that the elections in the Cameroons were based on a common voters roll—on a one-man, one-vote basis. It is interesting to note here that except among nomadic tribes the principle of universal, common-roll suffrage—at least for men—has been established in every African trust territory but one.

The Legislative Assembly in the Cameroons will now have actual power to legislate on most matters affecting the daily lives of the people. Furthermore, there will be a system of ministerial responsibility to the elected members of the Assembly.

If the summation of all these responsibilities does not spell internal self-government, it comes very close to that objective. At all events the final phase of political and economic progress toward self-government is definitely at hand.

I include political and economic progress together because my delegation feels strongly that they go hand in hand. It is impossible to have much of one without the other.

However, I do not intend to elaborate on the economic situation in the Cameroons, except to make three brief points:

First, we hope that stabilization funds can be effectively used to protect the coffee, cocoa, and cotton industries from the disastrous effects of worldwide price fluctuations.

Second, we commend the French authorities for introducing methods which instruct the people about the necessity for conserving their forest reserves. They are a vital source of wealth.

And third, we hope it may be possible next year for us to be informed about the bearing of the recently signed Common Market Agreement on the economy of the Cameroons. It may help the territory to stand on its own feet after it has graduated from the trusteeship system.

We are also pleased to see that Africans are participating more and more in all aspects of the economic development of their territory.

Mr. President, I cannot conclude without saying

that the French Government, in applying the provisions of the Overseas Reform Act, has undertaken a very bold and interesting experiment in colonial administration. The United States delegation congratulates them for the actions they have taken. They have created an opportunity for Cameroonians to demonstrate the strength and courage and moral stamina which has marked African leadership in those countries which have already achieved their freedom. I feel sure this Council will lend every encouragement to the French administration and the Cameroonian people as they proceed together along the road which lies ahead.

STATEMENT BY MR. MCGREGOR ON BRITISH CAMEROONS, APRIL 15

U.S./U.N. press release 2659 dated April 16

The United States delegation wishes to congratulate the Cameroonian people for the progress they have made toward self-government. Cooperation between their political leaders and the British Administering Authority has been most commendable. Trusteeship in this territory has virtually run its course. The other day, the Nigerian House of Assembly unanimously adopted a resolution calling for independence in 1959. This means that, if this target date is directly or indirectly approved by the forthcoming Constitutional Conference in London, the question of termination of trusteeship for the British Cameroons may soon be before the United Nations. When that time comes, my delegation has no doubt that the Cameroonian people, of the north as well as the south, will be enabled freely to choose their future status.

It is clear from the observations of both French and British authorities in the Trust Territories of the Cameroons that the issue calling for unification of the Cameroons has been overemphasized. This, of course, stems largely from the agitation of the Communist-trained Urc [Union des populations du cameroun] leaders who pretend to speak for all the people of both territories. But the Urc, which has been dissolved in the French Cameroons for its murderous record against innocent Africans, is now under investigation for subversive activities on the British side of the frontier. It will be interesting to read the findings of the At-

torney General in the British investigation. The rapid political progress which is scheduled for the Cameroons will be seriously disrupted if organizations devoted primarily to the Communist interest are permitted to interfere with the democratic process.

My delegation has noted the interest of various members of the Council in the question of the exercise of the franchise in the Trust Territory of the British Cameroons. From the replies of the Special Representative to various questions regarding the eligibility of women to vote, we learn that women are eligible to vote provided they pay tax but that few women pay tax. The Special Representative explained to us that the right of franchise was subject to a tax and that this was done primarily in order to deny the vote to non-Cameroonians—seasonal workers and traders, principally from the French Cameroons. I am sure that the Administering Authority will permit the observation that an injustice would seem to be worked on Cameroonian women in this instance simply for the purpose of excluding from the franchise a class of non-Cameroonians who would probably have very little interest in any case in exercising this right. Would it not be better to amend legislation and procedures in order to correct this seeming injustice, or to do away with the tax qualification altogether? There is something to be said for the often-declared principle that no one in a democratic state should be obliged to pay for the right to vote.

With regard to political developments in the northern part of the trust territory under consideration, we are satisfied with the statement of the Administering Authority that the people in this area are content to see their political fortunes tied to the adjoining Northern Territory of Nigeria.

On the economic side we realize the fragile nature of the future of the territory and the enormity of problems facing the Administering Authority in preparing the territory to stand on its own feet. We note, however, several encouraging factors, particularly that new and substantial investments have been made recently in the territory. The establishment of a Northern Region Development Corporation is likewise a hopeful sign, as well as the avowed intentions of the Southern Cameroons government to encourage overseas investors. We were pleased to note the

assurance of the representatives of the United Kingdom that the Administering Authority is likewise encouraging new capital to invest in the area.

We are glad that the Administering Authority places a heavy accent on the African Cooperative Movement and assigns to this movement a major place in the economic development of the territory.

What the Special Representative had to say regarding the difficulty of road building in the territory could not fail to impress the Council. Communications are, as he said, the key to the economic future and will have a bearing on the social and educational advancement of the people of the territory. My delegation need not emphasize the willingness of the United States to give careful and thorough study to projects where technical guidance and assistance might be held desirable and put forward by the appropriate authorities. The grant of \$140,000 by the International Cooperation Administration of the United States Government for reconstruction and tarring of the Ikom-Memfe road is an indication of the type of useful project we have in mind.

I feel sure that all those responsible for the political and economic future of African territories will have read with interest the report of Vice President Nixon,⁴ who has just returned from an extended tour of parts of the African continent.

U.S. Delegations to International Conferences

World Health Assembly

The Department of State announced on May 3 (press release 263) that the U.S. Government will be represented by the following delegation at the 10th World Health Assembly convening at Geneva, Switzerland, May 7-27, 1957:

Delegates

Dr. Leroy E. Burney, *chairman*, Surgeon General, Department of Health, Education, and Welfare

Dr. H. van Zile Hyde, *Chief*, Division of International Health, Bureau of State Services, U.S. Public Health Service, Department of Health, Education, and Welfare

Dr. James R. Reuling, *American Medical Association*, Lake Butler Estates, Windermere, Fla.

⁴ *Ibid.*, Apr. 22, 1957, p. 635.

Alternate Delegates

Howard B. Calderwood, Office of International Economic and Social Affairs, Department of State
Dr. Aims C. McGuinness, Special Assistant for Health and Medical Affairs, Department of Health, Education, and Welfare

Congressional Advisers

John E. Fogarty, House of Representatives
Charles A. Wolverton, House of Representatives

Advisers

Dr. Lester W. Burket, Dean, Dental School, University of Pennsylvania, Philadelphia, Pa.
Col. Robert L. Callison, USA, Office of the Surgeon General, Department of the Army
Dr. Eugene P. Campbell, Deputy Chief, Public Health Division, International Cooperation Administration
Edwin L. Crosby, Executive Director, American Hospital Association, Baltimore, Md.
Dr. Richard K. C. Lee, President, Board of Health, Honolulu, T.H.
Blucher A. Poole, Chief, Bureau of Environmental Sanitation, State Board of Health, Indianapolis, Ind.
David H. Popper, Deputy U.S. Representative for International Organizations, American Consulate General, Geneva, Switzerland
Dr. Ernest L. Stebbins, Director, School of Hygiene and Public Health, Johns Hopkins University, Baltimore, Md.
Dr. Franklin D. Yoder, President, State and Territorial Health Officers, Cheyenne, Wyo.
Viola R. Pinanski, Member, National Advisory Neurological Diseases and Blindness Council, National Institute of Health, Brookline, Mass.
Robert Olaf Waring, Office of International Administration, Department of State
Laurence Wyatt, Division of International Health, Bureau of State Services, U.S. Public Health Service, Department of Health, Education, and Welfare

Secretary of Delegation

Leo W. Garvey, Office of International Conferences, Department of State

The World Health Assembly is the supreme authority of the World Health Organization (WHO), a specialized agency of the United Nations. At the present time there are 84 full members of the WHO and 4 associate members—Ghana, Nigeria, Rhodesia and Nyasaland, and Sierra

Leone. The Assembly meets in regular annual session and determines the policies of the organization.

Besides reviewing the work of the WHO during 1956 as presented in the report of the Director General, the participants in the 10th World Health Assembly will discuss the program and budget of WHO for 1958. Other items on the provisional agenda for discussion include WHO's participation in the expanded program of technical assistance; peaceful uses of atomic energy in the health field; international quarantine; malaria eradication; progress in the evaluation and production of typhoid, smallpox, and triple diphtheria-pertussis-tetanus vaccines; WHO's relations with the U.N. Children's Fund (UNICEF); and a review of World Health Organization agreements with other specialized agencies.

The work of the World Health Organization embraces international programs on a wide variety of public health questions: the control and eradication of communicable diseases; measures for the improvement of maternal and child health; dental health and occupational health; and the provision of advice and assistance to national governments in developing and encouraging the application of higher standards in respect to such activities as nursing, public health administration, and professional education and training. In addition, the WHO undertakes or participates in technical health work of international significance through establishing biological standards, determining addiction-producing properties of drugs, exchanging scientific information, preparing international sanitary regulations, revising the international list of diseases and causes of death, and collecting and disseminating epidemiological information.

The 9th World Health Assembly was held at Geneva, May 8-25, 1956. The U.S. Government has invited the World Health Organization to hold its 11th World Health Assembly in the United States in 1958.

TREATY INFORMATION

Air Transport Agreement Between United States and Republic of Korea

Press release 238 dated April 24

DEPARTMENT ANNOUNCEMENT

An air transport agreement between the Governments of the United States and the Republic of Korea was signed on April 24 in the Department of State. Under Secretary of State Christian Herter signed the agreement on behalf of the United States Government. His Excellency You Chan Yang, Ambassador of Korea, signed on behalf of the Government of the Republic of Korea.

The new agreement replaces the provisional agreement on civil aviation between the two countries which has been in effect since June 29, 1949. It contains the fundamental principles relating to air transport operations which have been standard in such agreements entered into by the United States with other countries since 1946. Under its terms, U.S. airlines are authorized to provide commercial service from the United States via intermediate points to Seoul, Korea, and beyond. Pursuant to the terms of the earlier agreement, Northwest Airlines has been operating services to Seoul from Seattle via Alaska and Japan under a certificate issued by the Civil Aeronautics Board. The new agreement provides for a route to be operated by Korean-flag airlines from Korea via intermediate points to Alaska and the terminal point of Seattle. No specific route to the United States for Korean-flag airlines was described in the earlier agreement between the two countries.

The chairman of the U.S. delegation assigned to the negotiations for this agreement was Howard L. Parsons, Director of the Office of Northeast Asian Affairs, Department of State. Minister Pyo Wook Han, of the Korean Embassy, was chief delegate of the Republic of Korea delegation.

The agreement with Korea is the fourth bi-

lateral air transport agreement entered into by the United States in 1957.¹

TEXT OF AGREEMENT

AIR TRANSPORT AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF KOREA

The Government of the United States of America and the Government of The Republic of Korea,

Desiring to conclude an Agreement for the purpose of promoting air communications between their respective territories,

Have accordingly appointed their plenipotentiaries for this purpose as follows:

The Government of the United States of America:

Christian A. Herter, Under Secretary of State;

The Government of the Republic of Korea:

You Chan Yang, Ambassador of the Republic of Korea;

Who, having exhibited and exchanged their full powers and found them to be in due form, have agreed as follows:

ARTICLE 1

(A) The term "aeronautical authorities" shall mean in the case of the United States of America, the Civil Aeronautics Board and any person or agency authorized to perform the functions exercised at the present time by the Civil Aeronautics Board and, in the case of the Republic of Korea, the Ministry of Transportation and any person or agency authorized to perform the functions exercised at present by the said Ministry of Transportation.

(B) The term "designated airline" shall mean an airline that one contracting party has notified the other

¹ For texts of agreements signed with Iran, Mexico, and the Netherlands, see BULLETIN of Feb. 4, 1957, p. 198; Apr. 8, 1957, p. 575; and May 6, 1957, p. 747.

contracting party, in writing, to be the airline which will operate a specific route or routes listed in the Schedule of this Agreement.

(C) The term "territory" in relation to a State shall mean the land areas and territorial waters adjacent thereto under the sovereignty, suzerainty, protection, mandate or trusteeship of that State.

(D) The term "air service" shall mean any scheduled air service performed by aircraft for the public transport of passengers, mail or cargo.

(E) The term "international air service" shall mean an air service which passes through the air space over the territory of more than one State.

(F) The term "stop for non-traffic purposes" shall mean a landing for any purpose other than taking on or discharging passengers, cargo or mail.

ARTICLE 2

Each contracting party grants to the other contracting party rights necessary for the conduct of air services by the designated airlines, as follows: the rights of transit, of stops for non-traffic purposes, and of commercial entry and departure for international traffic in passengers, cargo, and mail at the points in its territory named on each of the routes specified in the appropriate paragraph of the Schedule annexed to the present Agreement.

ARTICLE 3

Air Service on a specified route may be inaugurated by an airline or airlines of one contracting party at any time after that contracting party has designated such airline or airlines for that route and the other contracting party has given the appropriate operating permission. Such other party shall, subject to Article 4, be bound to give this permission provided that the designated airline or airlines may be required to qualify before the competent aeronautical authorities of that party, under the laws and regulations normally applied by these authorities, before being permitted to engage in the operations contemplated by this Agreement.

ARTICLE 4

Each contracting party reserves the right to withhold or revoke the operating permission provided for in Article 3 of this Agreement from an airline designated by the other contracting party in the event that it is not satisfied that substantial ownership and effective control of such airline are vested in nationals of the other contracting party, or in case of failure by such airline to comply with the laws and regulations referred to in Article 5 hereof, or in case of the failure of the airline or the government designating it otherwise to perform its obligations hereunder, or to fulfill the conditions under which the rights are granted in accordance with this Agreement.

ARTICLE 5

(A) The laws and regulations of one contracting party relating to the admission to or departure from its territory of aircraft engaged in international air navigation, or to the operation and navigation of such aircraft while within

its territory, shall be applied to the aircraft of the airline or airlines designated by the other contracting party, and shall be complied with by such aircraft upon entering or departing from and while within the territory of the first contracting party.

(B) The laws and regulations of one contracting party relating to the admission to or departure from its territory of passengers, crew, or cargo of aircraft, such as regulations relating to entry, clearance, immigration, passports, customs, and quarantine shall be complied with by or on behalf of such passengers, crew or cargo of the other contracting party upon entrance into or departure from, and while within the territory of the first contracting party.

ARTICLE 6

Certificates of airworthiness, certificates of competency and licenses issued or rendered valid by one contracting party, and still in force, shall be recognized as valid by the other contracting party for the purpose of operating the routes and services provided for in this Agreement, provided that the requirements under which such certificates or licenses were issued or rendered valid are equal to or above the minimum standards which may be established pursuant to the Convention on International Civil Aviation. Each contracting party reserves the right, however, to refuse to recognize, for the purpose of flight above its own territory, certificates of competency and licenses granted to its own nationals by another State.

ARTICLE 7

In order to prevent discriminatory practices and to assure equality of treatment, both contracting parties agree that:

(a) Each of the contracting parties may impose or permit to be imposed just and reasonable charges for the use of public airports and other facilities under its control. Each of the contracting parties agrees, however, that these charges shall not be higher than would be paid for the use of such airports and facilities by its national aircraft engaged in similar international services.

(b) Fuel, lubricating oils, consumable technical supplies, spare parts, regular equipment, and stores introduced into the territory of one contracting party by the other contracting party or its nationals, and intended solely for use by aircraft of such contracting party shall be exempt on a basis of reciprocity from customs duties, inspection fees and other national duties or charges.

(c) Fuel, lubricating oils, other consumable technical supplies, spare parts, regular equipment, and stores retained on board aircraft of the airlines of one contracting party authorized to operate the routes and services provided for in this Agreement shall, upon arriving in or leaving the territory of the other contracting party, be exempt on a basis of reciprocity from customs duties, inspection fees and other national duties or charges, even though such supplies be used or consumed by such aircraft on flights in that territory.

(d) Fuel, lubricating oils, other consumable technical supplies, spare parts, regular equipment, and stores taken on board aircraft of the airlines of one contracting party

in the territory of the other and used in international services shall be exempt on a basis of reciprocity from customs duties, excise taxes, inspection fees and other national duties or charges.

ARTICLE 8

There shall be a fair and equal opportunity for the airlines of each contracting party to operate on any route covered by this Agreement.

ARTICLE 9

In the operation by the airlines of either contracting party of the trunk services described in this Agreement, the interest of the airlines of the other contracting party shall be taken into consideration so as not to affect unduly the services which the latter provides on all or part of the same routes.

ARTICLE 10

The air services made available to the public by the airlines operating under this Agreement shall bear a close relationship to the requirements of the public for such services.

It is the understanding of both contracting parties that services provided by a designated airline under the present Agreement shall retain as their primary objective the provision of capacity adequate to the traffic demands between the country of which such airline is a national and the countries of ultimate destination of the traffic. The right to embark or disembark on such services international traffic destined for and coming from third countries at a point or points on the routes specified in this Agreement shall be applied in accordance with the general principles of orderly development to which both contracting parties subscribe and shall be subject to the general principle that capacity should be related:

(a) to traffic requirements between the country of origin and the countries of ultimate destination of the traffic;

(b) to the requirements of through airline operation; and,

(c) to the traffic requirements of the area through which the airline passes after taking account of local and regional services.

ARTICLE 11

Rates to be charged on the routes provided for in this Agreement shall be reasonable, due regard being paid to all relevant factors, such as cost of operation, reasonable profit, and the rates charged by any other carriers, as well as the characteristics of each service, and shall be determined in accordance with the following paragraphs:

(A) The rates to be charged by the airlines of either contracting party between points in the territory of the United States of America and points in the territory of the Republic of Korea referred to in the annexed Schedule shall, consistent with the provisions of the present Agreement, be subject to the approval of the aeronautical authorities of the contracting parties, who shall act in accordance with their obligations under this Agreement, within the limits of their legal powers.

(B) Any rate proposed by an airline of either contracting party shall be filed with the aeronautical authorities of both contracting parties at least thirty (30) days before the proposed date of introduction; provided that this period of thirty (30) days may be reduced in particular cases if so agreed by the aeronautical authorities of each contracting party.

(C) During any period for which the Civil Aeronautics Board of the United States of America has approved the traffic conference procedures of the International Air Transport Association (hereinafter called IATA), any rate agreements concluded through these procedures and involving United States airlines will be subject to approval of the Board. Rate agreements concluded through this machinery may also be required to be subject to the approval of the aeronautical authorities of the Government of the Republic of Korea pursuant to the principles enunciated in paragraph (A) above.

(D) The contracting parties agree that the procedure described in paragraphs (E), (F) and (G) of this Article shall apply:

1. If, during the period of the approval by both contracting parties of the IATA traffic conference procedure, either, any specific rate agreement is not approved within a reasonable time by either contracting party, or, a conference of IATA is unable to agree on a rate, or

2. At any time no IATA procedure is applicable, or

3. If either contracting party at any time withdraws or fails to renew its approval of that part of the IATA traffic conference procedure relevant to this Article.

(E) In the event that power is conferred by law upon the aeronautical authorities of the United States of America to fix fair and economic rates for the transport of persons and property by air on international services and to suspend proposed rates in a manner comparable to that in which the Civil Aeronautics Board at present is empowered to act with respect to such rates for the transport of persons and property by air within the United States of America, each of the contracting parties shall thereafter exercise its authority in such manner as to prevent any rate or rates proposed by one of its airlines for services from the territory of one contracting party to a point or points in the territory of the other contracting party from becoming effective, if in the judgment of the aeronautical authorities of the contracting party whose airline or airlines is or are proposing such rate, that rate is unfair or uneconomic. If one of the contracting parties on receipt of the notification referred to in paragraph (B) above is dissatisfied with the rate proposed by the airline or airlines of the other contracting party, it shall so notify the other contracting party prior to the expiry of the first fifteen (15) of the thirty (30) days referred to, and the contracting parties shall endeavor to reach agreement on the appropriate rate.

In the event that such agreement is reached, each contracting party will exercise its best efforts to put such rate into effect as regards its airline or airlines.

If agreement has not been reached at the end of the thirty (30) day period referred to in paragraph (B) above, the proposed rate may, unless the aeronautical au-

thorities of the country of the air carrier concerned see fit to suspend its application, go into effect provisionally pending the settlement of any dispute in accordance with the procedure outlined in paragraph (G) below.

(F) Prior to the time when such power may be conferred upon the aeronautical authorities of the United States of America, if one of the contracting parties is dissatisfied with any rate proposed by the airline or airlines of either contracting party for services from the territory of one contracting party to a point or points in the territory of the other contracting party, it shall so notify the other prior to the expiry of the first fifteen (15) of the thirty (30) day period referred to in paragraph (B) above, and the contracting parties shall endeavor to reach agreement on the appropriate rate.

In the event that such agreement is reached, each contracting party will use its best efforts to cause such agreed rate to be put into effect by its airline or airlines.

It is recognized that if no such agreement can be reached prior to the expiry of such thirty (30) days, the contracting party raising the objection to the rate may take such steps as it may consider necessary to prevent the inauguration or continuation of the service in question at the rate complained of.

(G) When in any case under paragraphs (E) or (F) of this Article the aeronautical authorities of the two contracting parties cannot agree within a reasonable time upon the appropriate rate after consultation initiated by the complaint of one contracting party concerning the proposed rate or an existing rate of the airline or airlines of the other contracting party, upon the request of either, the terms of Article 13 of this Agreement shall apply.

ARTICLE 12

Consultation between the competent authorities of both contracting parties may be requested at any time by either contracting party for the purpose of discussing the interpretation, application, or amendment of the Agreement or Schedule. Such consultation shall begin within a period of sixty (60) days from the date of the receipt of the request by the Department of State of the United States of America or the Ministry of Foreign Affairs of the Republic of Korea as the case may be. Should agreement be reached on amendment of the Agreement or its route schedule, such amendment will come into effect upon confirmation by an exchange of diplomatic notes.

ARTICLE 13

Except as otherwise provided in this Agreement, any dispute between the contracting parties relative to the interpretation or application of this Agreement which cannot be settled through consultation shall be submitted for an advisory report to a tribunal of three arbitrators, one to be named by each contracting party, and the third to be agreed upon by the two arbitrators so chosen, provided that such third arbitrator shall not be a national of either contracting party. Each of the contracting parties shall designate an arbitrator within two months of the date of delivery by either party to the other party of a diplomatic note requesting arbitration of a dispute; and the third arbitrator shall be agreed upon within one month after such period of two months.

If either of the contracting parties fails to designate its own arbitrator within two months, or if the third arbitrator is not agreed upon within the time limit indicated, either party may request the President of the International Court of Justice to make the necessary appointment or appointments by choosing the arbitrator or arbitrators.

The contracting parties will use their best efforts under the powers available to them to put into effect the opinion expressed in any such advisory report. A moiety of the expenses of the arbitral tribunal shall be borne by each party.

ARTICLE 14

This Agreement, all amendments thereto, and contracts connected therewith shall be registered with the International Civil Aviation Organization.

ARTICLE 15

If a general multilateral air transport Convention accepted by both contracting parties enters into force, the present Agreement shall be amended so as to conform with the provisions of such Convention.

ARTICLE 16

Either of the contracting parties may at any time notify the other of its intention to terminate the present Agreement. Such a notice shall be sent simultaneously to the International Civil Aviation Organization. In the event such communication is made, this Agreement shall terminate one year after the date of its receipt, unless by agreement between the contracting parties the notice of intention to terminate is withdrawn before the expiration of that time. If the other contracting party fails to acknowledge receipt, notice shall be deemed as having been received fourteen days after its receipt by the International Civil Aviation Organization.

ARTICLE 17

This Agreement will come into force on the day it is signed.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective Governments, have signed the present Agreement.

DONE in duplicate at Washington this twenty-fourth day of April, 1957, in the English and Korean languages, each of which shall be of equal authenticity.

For the Government of the United States of America:

CHRISTIAN A. HERTER

For the Government of the Republic of Korea:

YOU CHAN YANG

SCHEDULE

1. An airline or airlines designated by the Government of the United States shall be entitled to operate air services on each of the air routes specified via intermediate points, in both directions, to make scheduled landings in the Republic of Korea at the points specified in this paragraph:

From points in the United States of America to Seoul and beyond.

2. An airline or airlines designated by the Government of the Republic of Korea shall be entitled to operate air services on each of the air routes specified via intermediate points, in both directions, and to make scheduled landings in the United States at the points specified in this paragraph:

From points in the Republic of Korea to Alaska and Seattle.

3. Points on any of the specified routes may at the option of the designated airline be omitted on any or all flights.

Surplus Agricultural Commodity Agreement With Peru

Press release 258 dated May 2

The United States and Peru on May 2 signed an agreement authorizing the sale to Peru, through private U.S. traders, of wheat and wheat flour to a total value of \$3.9 million, including ocean transportation. These sales are being made under authority and provision of the Agricultural Trade Development and Assistance Act of 1954, as amended. The agreement was signed at Lima by Peruvian Foreign Minister Manuel Cisneros Sánchez and U.S. Ambassador Theodore C. Achilles.

This agreement provides that payments under the sales program will be made in Peruvian *soles*. A substantial part of all *soles* accruing will be earmarked for loans designed to contribute to Peru's economic development and will be repayable in dollars or *soles* under the terms of a supplemental loan agreement which will be concluded at a later date. The balance will be reserved for the use of the United States in Peru.

Current Actions

MULTILATERAL

Atomic Energy

Statute of the International Atomic Energy Agency. Done at New York October 26, 1956.¹

Ratification deposited: Pakistan, May 2, 1957.

Automotive Traffic

Convention concerning customs facilities for touring. Done at New York June 4, 1954.¹

Ratification deposited: Egypt, April 4, 1957.

Customs convention on temporary importation of private road vehicles. Done at New York June 4, 1954.¹

Ratification deposited: Egypt, April 4, 1957.

Aviation

Convention for unification of certain rules relating to international transportation by air, and additional protocol. Concluded at Warsaw October 12, 1929. Entered into force February 13, 1933. 49 Stat. 3000.

Notification "that it considers itself bound" deposited: Laos, May 9, 1956.

Customs Tariffs

Convention creating the International Union for the Publication of Customs Tariffs, regulations of execution, and final declarations. Signed at Brussels July 5, 1890. Entered into force April 1, 1891. 26 Stat. 1518.

Adherence deposited: Morocco, March 27, 1957.

Protocol modifying the convention signed at Brussels July 5, 1890 (26 Stat. 1518), creating an International Union for the Publication of Customs Tariffs. Done at Brussels December 16, 1949. Entered into force May 5, 1950.²

Notification of adherence given: Morocco, April 23, 1957.

Fisheries

Protocol amending the international convention for the northwest Atlantic fisheries of February 8, 1949 (TIAS 2089). Done at Washington June 25, 1956.¹

Ratification deposited: Spain, May 2, 1957.

Health

Constitution of the World Health Organization. Done at New York July 22, 1946. Entered into force April 7, 1948. TIAS 1808.

Acceptance deposited: Ghana, April 8, 1957.

Safety at Sea

Convention on safety of life at sea. Signed at London June 10, 1948. Entered into force November 19, 1952. TIAS 2495.

Acceptance deposited: Czechoslovakia, March 25, 1957.

Notification by Portugal of application to: Portuguese territories, October 23, 1956.

Trade and Commerce

Protocol of rectification to the French text of the General Agreement on Tariffs and Trade. Done at Geneva June 15, 1955. Entered into force October 24, 1956 (TIAS 3677).

Signature: Turkey, April 17, 1957.

Sixth protocol of supplementary concessions to the General Agreement on Tariffs and Trade. Done at Geneva May 23, 1956. Entered into force June 30, 1956 (TIAS 3591).

Schedule of concessions entered into force: Denmark, April 15, 1957; Austria, April 25, 1957.

Weather Stations

Agreement on North Atlantic ocean stations. Dated at Paris February 25, 1954. Entered into force February 1, 1955. (TIAS 3186).

Acceptances deposited: Norway, April 21, 1955; Ireland, May 17, 1955; Denmark, June 1, 1955; Switzerland, November 7, 1955; Netherlands, January 24, 1956; France, May 3, 1956; and Belgium, April 9, 1957.

Whaling

Protocol amending the international whaling convention of 1946 (TIAS 1849). Done in Washington November 19, 1956.¹

Ratification deposited: Union of South Africa, April 25, 1957.

¹ Not in force.

² Not in force for the United States.

BILATERAL

Ecuador

Agreement for financing educational exchange programs. Signed at Quito October 31, 1956. Entered into force March 8, 1957 (date of publication in the Official Register of Ecuador).

Agreement for the establishment and operation of a rawinsonde observation station at Guayaquil, Ecuador. Effected by exchange of notes at Quito April 24, 1957. Entered into force on date of signature of an arrangement embodying the technical details.

Ethiopia

Economic assistance agreement. Effected by exchange of notes at Addis Ababa April 25, 1957. Entered into force April 25, 1957.

Germany, Federal Republic

Agreement relating to the disbandment of the German element of the Civilian Service Organization pursuant to the Forces Convention (TIAS 3425). Effected by exchange of notes at Bonn April 11, 1957. Entered into force April 11, 1957.

Agreement supplementing the agreement of April 11, 1957, relating to the disbandment of the German element of the Civilian Service Organization pursuant to the Forces Convention (TIAS 3425). Effected by exchange of notes at Bonn April 11, 1957. Entered into force April 11, 1957.

Korea

Agreement amending the agricultural commodities agreement of March 13, 1956, as amended (TIAS 3516, 3667, and 3733). Effected by exchange of notes at Seoul April 19, 1957. Entered into force April 19, 1957.

Turkey

Agreement to facilitate interchange of patent rights and technical information for purposes of defense. Signed at Ankara May 18, 1956.

Entered into force: April 2, 1957 (date of receipt by the United States of notification of constitutional approval by Turkey).

DEPARTMENT AND FOREIGN SERVICE

Meeting of Foreign Service Institute Advisory Committee

The Department of State announced on April 22 (press release 231) that the Advisory Committee for the Foreign Service Institute was holding its fifth meeting at Washington that day. Present and future developments in the Institute's program of in-service training for U.S. Foreign Serv-

ice officers and other Government employees engaged in foreign affairs were to be considered. This committee was appointed by Secretary Dulles to advise the Institute. Since its last meeting in January the only change in its composition has been the addition of Gen. Alfred M. Gruenther, president, American National Red Cross.

The purpose of the meeting on April 22 was to discuss with the Institute director, Harold B. Hoskins, developments in the Department's training programs since the last meeting, as well as proposals for future training. It was reported to the committee that during the first 9 months of fiscal year 1957 there was a total of 4,459 students enrolled in all FSI programs. This represents a 14 percent increase over the corresponding period in fiscal year 1956. In addition to the career training program the 1957 figures include intensive full-time training of 150 Foreign Service officers in 23 languages, a 30 percent increase in enrollment over the corresponding period in 1956.

The committee was received by Under Secretary Christian Herter and later reconvened in Mr. Hoskins' office.

Those present, in addition to Mr. Hoskins, who is deputy chairman of the committee, were:

Loy W. Henderson, Deputy Under Secretary for Administration and chairman of the committee

Robert D. Calkins, president, The Brookings Institution, Washington, D.C.

Isaac W. Carpenter, Jr. (ex officio), Assistant Secretary-Controller, Department of State

Robert Cutler, Special Assistant to the President

Gen. Alfred M. Gruenther, president, American National Red Cross.

Clyde K. Kluckhohn, director, Laboratory of Social Sciences, Harvard University

William L. Langer, chairman, Committee on Regional Studies, Harvard University

Robert Newbegin (ex officio), Deputy Assistant Secretary for Personnel, Department of State

Charles E. Saltzman, Goldman, Sachs & Company, New York, N.Y.

Joseph C. Satterthwaite (ex officio), Director General of the Foreign Service, Department of State

Henry M. Wriston, director, The American Assembly, Columbia University

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Releases may be obtained from the News Division, Department of State, Washington 25, D. C.

Press releases issued prior to April 29 which appear in this issue of the BULLETIN are Nos. 231 of April 22, 238, 240, and 243 of April 24, and 246 and 248 of April 25.

No.	Date	Subject
*250	4/29	Delegation to inauguration of Nicaraguan President.
*251	4/29	Bliss nominated Ambassador to Ethiopia (biographic details).
*252	4/29	Thompson nominated Ambassador to U.S.S.R. (biographic details).
*253	4/29	McConaughy nominated Ambassador to Burma (biographic details).
†254	4/29	Note to Hungary on postal cancellation stamp.
255	4/30	Dulles; statement before Senate appropriations subcommittee.
256	4/30	Dulles; departure for NATO meeting.
*257	5/1	Farland nominated Ambassador to Dominican Republic (biographic details).
258	5/2	Surplus commodity agreement with Peru.
259	5/2	Dillon: "A New Approach to Mutual Security."
260	5/2	U.S. position on Nicaraguan-Honduran conflict.
*261	5/2	Flake nominated Ambassador to Ghana (biographic details).
†262	5/3	Program for visit of President Diem (rewrite).
263	5/3	Delegation to 10th World Health Assembly (rewrite).
†264	5/4	Joint U.S.-Greece communique: Richards mission.

*Not printed.

†Held for a later issue of the BULLETIN.



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